92-2233

A	ARLEN CORP	10Q	05-31-92
B	AVOCA INC	10Q	03-31-92
C	CHASE CORP	10Q	05-31-92
D	CIRCADIAN INC	10Q	03-31-92
E	CMS/DATA CORP	10Q	03-31-92
F	COLLAGEN CORP	10Q	03-31-92
G	DARCY CORP	10Q	03-31-92
H	DIMENSION GROUP INC	10Q	03-31-91
I	ELECTRIC M AND R INC	10Q	03-31-92
J	EXTEN INDUSTRIES INC	10Q	05-31-92
K	1ST FRANKLIN FINANCIAL CORP	10Q	03-31-92
L	FREMONT ENERGY CORP	10Q	03-30-91
M	HOMELAND HOLDING CORP	10Q	03-21-92
N	INTERNATIONAL DESIGN GROUP INC	10Q	05-31-92
O	NOVA VISTA INDUSTRIES INC	10Q	01-31-92
P	RANDERS GROUP INC	10Q	03-31-92
Q	SILGAN HOLDINGS INC	10Q	03-31-92
R	STARLIGHT ACQUISITIONS INC	10Q	03-31-92
S	STATE BANCORP INC	10Q	03-31-92
T	STV GROUP INC	10Q	03-31-92
U	SULLIVAN DENTAL PRODUCTS INC	10Q	03-31-92
V	SUMMIT BANCORPORATION	10Q	03-31-92
W	SYBASE INC	10Q	03-31-92
X	SYBRON CHEMICAL INDUSTRIES INC	10Q	03-31-92

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

13

A92-2233

☒ Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended May 31, 1992

Or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ________ to ________

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Commission file number 1-6675

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THE ARLEN CORPORATION
(Exact name of registrant as specified in its charter)

New York (State or other jurisdiction of incorporation or organization)	13-2668657 (I.R.S. Employer Identification No.)
441 Fifth Avenue, New York, New York (Address of principal executive offices)	10016 (Zip Code)

Registrant's telephone number, including area code: (212) 481-9455

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (l) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No _____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common Stock, $1 par value – 30,769,015 shares outstanding as of July 10, 1992.

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THE ARLEN CORPORATION AND SUBSIDIARIES

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THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(UNAUDITED)

	May 31, 1992	May 31, 1991
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$689	$934
Certificates of deposit	192	555
Accounts and notes receivable, net	6,724	4,438
Inventories	2,591	2,324
Other current assets	422	197
TOTAL CURRENT ASSETS	10,618	8,448
PROPERTY AND EQUIPMENT, net	676	501
OTHER ASSETS	1,453	269
TOTAL ASSETS	$12,747	$9,218

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(UNAUDITED)
(Continued)

	May 31,	
LIABILITIES AND CAPITAL DEFICIT	1992	1991
CURRENT LIABILITIES:		
Notes payable (including $2,636 due to related parties in 1991)	$4,233	$4,058
Accounts payable	1,357	300
Accrued interest payable (including amounts due to related parties of $439 in 1992 and $235 in 1991)	517	350
Accruals:		
Compensation	88	178
State income taxes	1,020	972
Settlements	1,873	1,999
Other	6,278	5,134
Current portion of long-term obligations (including amounts due related parties of $40 in both years)	79	715
Current portion of subordinated amounts due to related parties	1,039	-
TOTAL CURRENT LIABILITIES	16,484	13,706
LONG-TERM OBLIGATIONS (including amounts due to related parties of $2,645 in 1992 and $1,468 in 1991)	2,706	3,643
SUBORDINATED AMOUNTS DUE TO RELATED PARTIES	97,737	88,556
TOTAL LIABILITIES	116,927	105,905
COMMITMENTS AND CONTINGENCIES		
CAPITAL DEFICIT	(104,180)	(96,687)
TOTAL LIABILITIES AND CAPITAL DEFICIT	$12,747	$9,218

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
February 29, 1992
(Dollars in Thousands)
(AUDITED)

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$1,126
Certificates of deposit	190
Accounts and notes receivable, net	5,949
Inventories	2,573
Other current assets	379
TOTAL CURRENT ASSETS	10,217
PROPERTY AND EQUIPMENT, net	698
OTHER ASSETS	1,503
TOTAL ASSETS	$12,418

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

February 29, 1992
(Dollars in Thousands)
(AUDITED)
(Continued)

LIABILITIES AND CAPITAL DEFICIT

CURRENT LIABILITIES:	
Notes payable	$4,452
Accounts payable	1,238
Accrued interest payable (including $317 due to related parties)	442
Accruals:	
Compensation	77
State income taxes	970
Settlements	1,945
Other	6,063
Current portion of long-term obligations (including $40 due to related parties)	77
Current portion of subordinated amounts due to related parties	996
TOTAL CURRENT LIABILITIES	16,260
LONG-TERM OBLIGATIONS (including $2,612 due to related parties)	2,683
SUBORDINATED AMOUNTS DUE TO RELATED PARTIES	95,860
TOTAL LIABILITIES	114,803
COMMITMENTS AND CONTINGENCIES	
CAPITAL DEFICIT	(102,385)
TOTAL LIABILITIES AND CAPITAL DEFICIT	$12,418

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands Except Per Share Amounts)
(UNAUDITED)

	Three Months Ended May 31,	
	1992	1991
SALES	$7,505	$4,178
COST OF SALES	4,716	2,680
Gross profit on sales	2,789	1,498
CORPORATE, SELLING, GENERAL & ADMINISTRATIVE EXPENSES	2,425	1,195
Operating income	364	303
OTHER (CHARGES) CREDITS:		
Interest expense (including amounts to related parties of $2,062 in 1992 and $1,620 in 1991)	(2,175)	(1,794)
Other income	16	26
Net loss	($1,795)	($1,465)
LOSS PER COMMON SHARE	($0.05)	($0.04)

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(UNAUDITED)

	Three Months Ended May 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	($1,795)	($1,465)
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	170	42
Provision for losses on accounts receivable	46	22
Increase in subordinated amounts due to related parties in exchange for interest	1,913	1,536
(Increase) decrease in assets		
Accounts and notes receivable	(821)	(216)
Inventories	(18)	155
Other current assets	(43)	(85)
Increase (decrease) in liabilities		
Accounts payable	119	43
Accrued interest payable	82	16
Accrued compensation	11	(89)
Accrued state income taxes	50	(14)
Accrued settlements	(72)	(61)
Accrued other	215	347
Total adjustments	1,652	1,696
Net cash provided by (used in) operating activities	(143)	231

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
(Dollars in Thousands)
(UNAUDITED)
(Continued)

	Three Months Ended May 31, 1992	Three Months Ended May 31, 1991
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in proceeds from certificates of deposit	(2)	(5)
Proceeds from sale of certificates of deposit	–	300
Investment in capital assets	(98)	(10)
Investment in other assets	–	(62)
Net cash provided by (used in) investing activities	(100)	223
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on revolving credit line	(4,946)	(300)
Proceeds from revolving credit line	4,944	–
Principal payments on short–term borrowings	(217)	–
Principal payments on long–term borrowings	(29)	(275)
Proceeds from long–term financing	54	116
Net cash used in financing activities	(194)	(459)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(437)	(5)
CASH AND CASH EQUIVALENTS, at February 29, 1992 and February 28, 1991	1,126	939
CASH AND CASH EQUIVALENTS, at May 31, 1992 and 1991	$689	$934
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the three months ended May 31, 1992 and 1991 for interest	$117	$222

See notes to consolidated financial statements

THE ARLEN CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of May 31, 1992
(UNAUDITED)

Note A--BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information in accordance with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended May 31, 1992 are not necessarily indicative of the results that may be expected for the fiscal year ending February 28, 1993. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the fiscal year ended February 29, 1992.

Note B--LOSS PER SHARE

Loss per common share is computed by dividing the net loss by the weighted average number of common shares and common share equivalents outstanding during each year. Convertible securities that are deemed to be common share equivalents are assumed to have been converted at the beginning of each year. The Company's common share equivalents and convertible issues were anti-dilutive at May 31, 1992 and 1991 and, therefore, were not included in the loss per share computations for these periods. The weighted average number of shares used to compute per share amounts was 32,712,000 for the three month periods ended May 31, 1992 and 1991, respectively, inclusive of Class B common shares.

THE ARLEN CORPORATION AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The ratio of current assets to current liabilities was 0.64 and 0.62 at May 31, 1992 and 1991, respectively. In view of its prior experience with certain of its creditors, the Company believes that it will be able to defer payment of certain current obligations owed to such creditors beyond May 31, 1993. Based upon such belief, the Company expects there to be sufficient cash flow generated from continuing operations to meet the expenses of current operations.

The capital deficit was $104,180,000 at May 31, 1992. As of such date, the Company owed $100,422,000 to present or former officers and/or directors of the Company, or entities controlled by them.

Results of Operations

Sales for the three months ended May 31, 1992 increased by 80% over the corresponding period of the prior year. The increase is due to the addition of sales from the Company's newly acquired subsidiary, G.T. Styling, Inc. ("GTS"), partially offset by a 5% decline in combined sales of the Company's existing subsidiaries, Curtis Partition Corporation ("Curtis") and Grant Products, Inc. (GPI"), for the three months ended May 31, 1992. The sales of Curtis declined by approximately 16% and the sales of GPI declined by less than 1% for the three month period ended May 31, 1992 from the corresponding period of the prior year. The primary reason for the decline in sales of Curtis is believed to be a slowdown in the industry in which it operates.

The increase in cost of sales was almost exclusively a function of the higher sales resulting from the acquisition of GTS, with the gross profit margin of the Company increasing by 3% for the three months ended May 31, 1992 over such margin for the comparable period of the prior year. The increase is primarily the result of the higher margin of GTS, partially offset by a decrease of 2% in the average of the gross profit margins of Curtis and GPI for the three months ended May 31, 1992. Curtis' gross profit margin decreased by 7% for the three months ended May 31, 1992. The primary reasons for the fluctuations were variations in materials cost and competitive pressures. The gross profit margin of GPI remained generally constant for the three months ended May 31, 1992 when compared to that of the same period of the prior year.

The 102% increase in corporate, selling, general and administrative expenses reflects almost entirely the addition of the selling, general and administrative expenses of GTS.

Results of Operations (continued)

Interest expense increased by 21% for the three months ended May 31, 1992 from the corresponding period of the prior year. The increase is primarily the result of compounding of interest on related party obligations and incremental interest on additional long-term borrowings relating mostly to the acquisition of GTS.

Other income, which is largely interest income, declined from the prior year as the Company's cash was used to reduce outstanding loan balances.

The net loss increased by 22% for the three months ended May 31, 1992 from the corresponding period of the prior year for the reasons discussed above.

Part II - Other Information

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

None

(b) Reports on Form 8-K:

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE ARLEN CORPORATION

Date: July 14, 1992

By____________________
Allan J. Marrus
President

Date: July 14, 1992

By____________________
David S. Chaiken
Treasurer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

B92-2233

For the quarterly period ended March 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number 0-9219

AVOCA, INCORPORATED
(Exact name of registrant as specified in its charter)

Louisiana	72-0590868
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P.O. Box 61260, New Orleans, Louisiana 70161
(Address of principal executive offices)
(Zip Code)

PROCESSED B
MAY 15, 1992

(504) 586-7281
(Registrant's telephone number, including a

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None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ______

The Company has only one class of common stock, of which 830,500 shares were outstanding on April 30, 1992.

An exhibit index is located at page 10 of this report.

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AVOCA, INCORPORATED

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AVOCA, INCORPORATED

PART I - FINANCIAL INFORMATION

Item 1 Financial Statements (Unaudited)

Avoca, Incorporated

Condensed Balance Sheets (Unaudited)

	March 31 1992	December 31 1991
Assets		
Current assets:		
Cash	$ 66,353	$ 70,774
United States Government securities, at cost	1,906,302	1,901,839
	1,972,655	1,972,613
Accounts receivable	30,359	20,686
Accrued interest receivable	11,409	14,490
Prepaid insurance	3,533	7,113
Total current assets	2,017,956	2,014,902
Property, plant and equipment, less allowance for depreciation and depletion	1	1
Other assets:		
Avoca Drainage Bonds, $415,000, in default—at nominal amount	1	1
	$ 2,017,958	$ 2,014,904
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 22,013	$ 12,000
Dividends payable	-	58,135
Income taxes payable	11,287	1,824
Total current liabilities	33,300	71,959
Stockholders' equity:		
Common stock, no par value—authorized, issued and outstanding 830,500 shares	94,483	94,483
Retained earnings	1,890,175	1,848,462
	1,984,658	1,942,945
	$ 2,017,958	$ 2,014,904

See accompanying notes.

Avoca, Incorporated

Condensed Statements of Income (Unaudited)

	Three months ended March 31	
	1992	1991
Revenues:		
Royalties	$88,609	$81,978
Less severance taxes	3,505	4,247
	84,104	77,731
Interest on United States Government securities	20,080	31,175
Rental and other income	2,992	45,900
	108,176	154,806
Expenses:		
Professional services	17,539	13,065
Consultant fees	2,750	2,750
Geological and engineering fees and expenses	7,052	5,225
Insurance	4,733	5,200
Miscellaneous expenses	23,732	22,504
	55,806	48,744
Income before income taxes	52,370	106,062
Income taxes	10,657	33,281
Net income	$41,713	$72,781
Net income per share	$.05	$.09

See accompanying notes.

Avoca, Incorporated

Condensed Statements of Cash Flows (Unaudited)

	Three months ended March 31	
	1992	1991
Operating activities		
Net income	$ 41,713	$ 72,781
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Net increase in operating assets	(3,012)	(16,502)
Net increase in operating liabilities	19,476	21,280
Net cash provided by operating activities	58,177	77,559
Financing activities		
Dividends paid	(58,135)	(141,185)
Net cash used in financing activities	(58,135)	(141,185)
Increase (decrease) in cash	42	(63,626)
Cash and cash equivalents at beginning of period	1,972,613	2,027,039
Cash and cash equivalents at end of period	$ 1,972,655	$ 1,963,413

See accompanying notes.

Avoca, Incorporated

Notes to Condensed Financial Statements (Unaudited)

Three Months Ended March 31, 1992

1. Basis of Accounting

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1991.

The Company considers its United States Government securities held with a maturity of three months or less when purchased to be cash equivalents.

2. Contingency

As discussed in footnote 4 to the Company's December 31, 1991 financial statements, a suit was filed in 1989 relating to an adverse claim of title to approximately 30 acres on Avoca Island. The claimant is seeking to be declared sole owner of the property free and clear of the operator's lease, and for an accounting related to royalty income derived from the 30 acres in dispute. There has been no change in the status of the litigation since December 31, 1991. During 1991, the District Court rendered a partial summary judgement in favor of the plaintiff which the Company appealed. Because the operator of the lease at the time of the lawsuit is currently in bankruptcy, the lawsuit is subject to an automatic stay. The parties involved in the lawsuit are continuing to discuss a settlement, but the Company is of the opinion that any loss incurred would not be material to the financial position of the Company as of March 31, 1992.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

The unaudited condensed statements of income show that net income for the first quarter of 1992, as compared with the first quarter of 1991, decreased from $72,781 to $41,713. The principal reduction was in rental and other income, which decreased by $42,908 because no seismic permits were granted during the quarter, whereas $45,900 was derived from this source during the comparable period of 1991. Also, interest on United States Government securities declined by $11,095, or approximately 36%, as a result of lower interest rates. Royalty income net of severance taxes increased because of income received in the first quarter of 1992 from the Avoca B-1 well, which was successfully reworked by Boo-Ker Oil and Gas Corporation and restored to production in November of 1991. The income from the Avoca B-1 well was offset somewhat by a decrease in production from the Avoca No. 6 well in the first quarter of 1992 as compared to the comparable period of 1991. Because of increased water production, the Avoca B-1 was shut in on March 24, 1992 and the future of the well is in doubt. Production from the Avoca No. 1 well (located on lands leased to Alliance Operating Corporation and operated by Delta Operating Company) and the Avoca No. 6 well (located on lands leased to Damson Oil Corporation and operated by Parker & Parsley Development Company) continued during the first quarter of 1992 at approximately the same levels of production experienced at the end of 1991. As will appear from the Company's most recent 10-K report, such production is substantially below 1990 levels and the Avoca No. 6 is expected to be abandoned in the near future. No mineral leases were granted and no drilling operations were commenced during the first three months of 1992.

Expenses increased by $7,062, or approximately 14%, because of higher legal fees and geological and engineering fees. The increase in legal fees was attributable to additional services in connection with SEC reporting requirements and projects looking toward greater utilization of Avoca Island's surface resources. The increase in geological and engineering fees resulted from additional work in connection with the Avoca No. B-1 well.

The Company's continued liquidity is evidenced by the fact that approximately 98% of its assets, as measured by book value, are cash or cash equivalents. The Company derives essentially all of its income from the granting of oil and gas leases and the collection of bonuses, delay rentals and royalties thereunder. Since the Company's business is passive, all capital requirements for exploration, development and production of the Company's mineral resources are funded by its lessees.

AVOCA, INCORPORATED

Part II - OTHER INFORMATION

Item 1 - Legal Proceedings

Not applicable

Item 2 - Changes in Securities

Not applicable

Item 3 - Defaults Upon Senior Securities

Not applicable

Item 4 - Submission of Matters to a Vote of Security Holders

The Company's annual meeting of stockholders was held on March 17, 1992. Management's proposal to fix, at six, the numbers of directors to be elected for the ensuing year was approved by the following vote:

For: 539,885 Against: 70 Abstain: 2,570

Item 5 - Other Information

Not applicable

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits required by Item 601 of Regulation S-K: None.

(b) Reports on Form 8-K: No reports have been filed during the quarter for which this report is filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVOCA, INCORPORATED
Registrant

May 18, 1992

Paul Hogan, III
President and
Principal Financial Officer

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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C., 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended May 31, 1992 Commission File Number 1-5408

CHASE CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Massachusetts
(State or other jurisdiction of
incorporation of organization)

11-1797126
(I.R.S. Employer
Identification No.

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Q-Data Corp. - St. Petersburg, FL

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Suite 200
Forbes Business Center
220 Forbes Road
Braintree, Massachusetts
(Address of principal executive offices)

02184
(Zip Code)

Registrant's telephone number including area code 617-848-2810

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _

Common Shares Outstanding as of June 30, 1992 4,258,348

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PART 1: FINANCIAL INFORMATION

CH ORPORATION

CONSOLIDATED BALANCE SHEETS

ASSETS

	May 31 1992 (UNAUDITED)	Aug. 31 1991 (AUDITED)
URRENT ASSETS		
Cash	$ 52,259	$ 136,417
Trade receivables, less allowance for doubtful accounts of $89,577 and $59,031, respectively	4,249,843	3,054,828
Note receivable (Note B)	100,000	100,000
Inventories (Note C)		
Finished and in process	1,070,400	1,082,411
Raw materials	1,080,840	1,040,147
	2,151,240	2,122,558
Prepaid expenses & other current assets	251,043	175,212
Deferred federal taxes	164,979	164,979
Refundable federal taxes	--	10,503
TOTAL CURRENT ASSETS	$ 6,969,364	$ 5,764,497
ROPERTY, PLANT AND EQUIPMENT		
Land and improvements	251,078	242,278
Buildings	2,276,218	2,266,423
Machinery & equipment	7,725,891	7,282,069
Construction in progress	1,274,822	369,376
	11,528,009	10,160,146
ess allowances for depreciation	7,319,972	6,890,982
	4,208,037	3,269,164
THER ASSETS		
Note receivable (Note B)	422,611	522,611
Excess of cost over net assets of acquired businesses less amortization	102,408	106,368
Patents, agreements and trademarks less amortization	58,872	80,297
Cash surrender value of life ins.	1,957,740	1,698,241
Deferred federal taxes	281,664	281,664
Other	12,257	14,368
	2,835,552	2,703,549
	$14,012,953	$11,737,210

LIABILITIES AND STOCKHOLDERS' EQUITY

	May 31 1992 (UNAUDITED)	Aug. 31 1991 (AUDITED)
CURRENT LIABILITIES		
Accounts payable	$ 2,411,108	$ 1,695,029
Accrued expenses	1,551,580	1,777,272
Federal income taxes	48,241	--
Deferred compensation	556,528	845,778
Current portion of long-term debt	7,432	40,321
TOTAL CURRENT LIABILITIES	$ 4,574,889	$ 4,358,400
LONG-TERM DEBT, less current portion	1,750,000	370,000
Long-term deferred compensation obligation	1,670,825	1,593,244
STOCKHOLDERS' EQUITY		
First Serial Preferred Stock, par value $1.00 a share, authorized 100,000 shares; (issued-none)		
Common Stock, par value $.10 a share, (Note D) Authorized 10,000,000 shares at May 31, 1992 & August 31,1991 Issued 4,258,348 shares	425,835	425,835
Additional paid-in capital	2,408,313	2,408,313
Retained earnings	3,191,101	2,581,418
Cumulative G/(L) on translation	(8,010)	
	6,017,239	5,415,566
	$14,012,953	$11,737,210

STATEMENT OF [illegible]LIDATED OPERATIONS
([illegible]UDITED)

	Nine Months Ended May 31 1992	Nine Months Ended May 31 1991	Three Months Ended May 31 1992	Three Months Ended May 31 1991
Sales	$ 16,409,966	$ 16,385,517	$ 6,330,855	$ 5,304,327
Commission and other income	208,770	230,962	90,680	82,542
Interest	31,456	39,095	9,155	11,461
	16,650,192	16,655,574	6,430,690	5,398,330
Cost and expenses				
Cost of products sold (Note C)	11,133,997	10,930,098	4,495,734	3,583,413
Selling, general and administrative expenses	4,232,625	4,288,431	1,461,023	1,351,763
Bad debt expense	31,000	23,542	15,000	11,200
Interest expense	45,831	73,869	22,730	28,213
	15,443,453	15,315,940	5,994,487	4,974,589
Income from continuing operations before Federal Income Taxes	1,206,739	1,339,634	436,203	423,741
Federal Income Taxes	349,700	436,927	125,400	125,800
Income from continuing operations	857,039	902,707	310,803	297,941
Net earnings (loss) from discontinued operations (Note E)	(34,439)	(96,593)	(25,374)	(61,105)
Net income	$ 822,600	$ 806,114	$ 285,429	$ 236,836
Income from continuing operations per share of Common Stock				
Primary	$ 0.199	$ 0.211	$ .072	$ .069
Fully diluted	$ 0.198	$ 0.210	$ .073	.068
Income per share of Common Stock				
Primary	$ 0.191	$ 0.189	$ .066	$ .056
Fully diluted	$ 0.190	$ 0.188	$ .067	$ .055

See accompanying notes to the consolidated financial statements and accountants' review report.

CHASE CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)

NINE MONTHS ENDED MAY 31, 1992 and MAY 31, 1991

	Common Stock Shares Issued	Amount	Additional Paid-In Capital	Retained Earnings	Total Sharehol Equit
Balance @ August 31, 1990	4,258,348	$425,835	$2,408,313	$1,577,980	$4,412,1
Net income for 9 months				806,114	806,11
Dividends paid in cash $.05 a share in common stock				(212,917)	(212,91
Balance @ May 31, 1991	4,258,348	425,835	$2,408,313	2,171,177	5,005,3
Net income for 3 months				410,241	410,24
Balance @ August 31, 1991	4,258,348	425,835	2,408,313	2,581,418	5,415,5
Net income for 9 months				822,600	822,60
Accumulative gain/(loss) on translation				(8,010)	(8,01
Dividends paid in cash $.05 a share common stock				(212,917)	(212,91
Balance @ May 31, 1992	4,258,348	$425,835	$2,408,313	$3,183,091	$6,017,23

See accompanying notes to the consolidated financial statements and accountants' review report.

CHASE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Nine Months Ended May 31 1992	 May 31 1991
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 822,600	$ 806,114
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	429,049	416,102
Amortization	27,445	60,205
Provision for losses on accounts receivable	30,546	(55,253)
Cumulative gain/(loss) on translation	(8,069)	--
Change in assets and liabilities		
Trade receivables	(1,225,561)	392,142
Inventories	(28,682)	68,069
Prepaid expenses & other current assets	(75,831)	(75,897)
Accounts payable	716,079	(458,935)
Accrued expenses	(225,692)	(785,247)
Federal income taxes payable	58,744	65,141
Deferred compensation	(211,669)	(272,775)
TOTAL ADJUSTMENTS	(513,641)	(646,448)
NET CASH FROM OPERATIONS	308,959	159,666
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(1,369,113)	(574,623)
Purchase of cash surrender value	(259,499)	(112,200)
Mortgage payments received	1,301	1,155
Proceeds from note receivable	100,000	214,289
	(1,527,311)	(471,379)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of principal on debt	(32,889)	(31,218)
Net borrowing under line-of-credit	1,380,000	470,000
Dividend paid	(212,917)	(212,917)
	1,134,194	225,865
NET CHANGE IN CASH	(84,158)	(85,848)
CASH AT BEGINNING OF PERIOD	136,417	94,336
CASH AT END OF PERIOD	$ 52,259	$ 8,488
CASH PAID DURING PERIOD FOR		
Income taxes	$ 227,550	$ 305,909
Interest	$ 45,831	$ 73,869

See accompanying notes to the consolidated financial statements and accountants' review report.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 10, 1992

Note A - Basis of Presentation

The accompanying unaudited Consolidated Financial Statements have been prepared in accordance with the instructions to Form 10-Q and all adjustments (consisting of normal recurring accruals) have been made which are, in the opinion of Management, necessary to a fair statement of the results for the interim periods reported. The financial statements of Chase Corporation include the activities of its divisions and its foreign sales subsidiary.

Note B - Note Receivable

On October 26, 1990, the Avon Custom Mixing division was sold in a non-cash transaction. the Corporation exchanged inventory and accounts receivable for a note receivable which provides for payments of $100,000 plus interest at the First National Bank of Boston prime rate due annually.

Note C - Inventories

Certain divisions used estimated gross profit rates to determine the cost of goods sold. No significant adjustments have resulted from reconciling with the interim physical inventories as a result of using this method.

Note D - Outstanding Shares of Common Stock

Income per share is based on the average number of shares and share equivalents outstanding during the period. The average number of shares and share equivalents outstanding used in determining primary per share results was 4,303,334 for the period of nine months ended May 31, 1992. Earnings per share on a fully diluted basis are calculated on 4,328,774 common shares and share equivalents. Common share equivalents arise from the issuance of certain stock options.

Note E - Discontinued Operations

During June 1991, the Company determined to dispose of its remaining fuel technology products and services operations. As a result of this action, prior year income (loss) from discontinued operations has been restated. The effect to discontinued operations is net of related taxes.

Note F - Review by Independent Public Accountant

The financial information included in this form has been reviewed by an independent public accountant in accordance with established professional standards and procedures for such a review and based on such review, no adjustments or additional disclosures were recommended.

Letter from the independent public accountant is included as a part of this report.

WELLESLEY HILLS · BOSTON · WARE

Livingston & Haynes, P.C.
Certified Public Accountants

TWO SUN LIFE PARK
WELLESLEY HILLS, MA 02181-5693
TEL: (617) 237-3339
FAX: (617) 237-3606

To the Board of Directors
Chase Corporation
Braintree, Massachusetts

We have reviewed the accompanying consolidated balance sheet of Chase Corporation and subsidiary as of May 31, 1992, and the related consolidated statements of operations, cash flows, and stockholders' equity for the periods of nine months ended May 31, 1992 and 1991, in accordance with standards established by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Chase Corporation.

A review consists principally of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously examined, in accordance with generally accepted auditing standards, the consolidated balance sheet as of August 31, 1991, and the related consolidated statements of operations, cash flows, and stockholders' equity for the year then ended (not presented herein); and in our report dated October 15, 1991, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of August 31, 1991, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

Livingston & Haynes P.C.
Wellesley Hills, Massachusetts
July 6, 1992

CHASE CORPORATION

SECURITIES AND EXCHANGE COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

July 10, 1992

Results of Operations

Net revenues from continuing operations increased 19% for the third quarter ended May 31, 1992 as compared to the same period last year. Approximately 60% of this increase was the result of additional sales derived by our acquisition of certain product lines and associated assets from The Stewart Group Ltd. of Markham, Ontario, Canada. Net revenues from continuing operations for the nine months ended May 31, 1992 versus the previous year were unchanged.

The cost of products sold for the first nine months of the current year increased slightly over the same period last year. A majority of this increase is the result of economic conditions that changed our mix of products to those with a greater raw material cost. For the first nine months as a percent of sales, the cost of products increase was 1%. Competitive pressure continues to prevent the Company from recovering all of its increased product costs from customers through higher selling prices.

Selling and administrative expenses during the current year are slightly lower than the prior year and as a percent of sales have not changed.

Income generated by our recent acquisition practically offset a decrease in income from other continuing operations during the nine months ended May 31, 1992 versus the same period last year. A reduction in the net loss from discontinued operations during the third quarter and nine month period this year when combined with continuing operations resulted in an increase to net income when compared to the previous periods.

Liquidity and Sources of Capital

The ratio of current assets to current liabilities was 1.5 at the end of the third quarter of 1992, compared to 1.3 at the prior year end. The improved current ratio resulted from the reduction of certain accrued current liabilities and the utilization of our long-term debt credit facility to pay other current liabilities related to the acquisition.

The increase of $1,380,000 to long-term debt was primarily related to the acquisition for cash of certain tape product lines and associated assets from The Stewart Group, Ltd. of Markham, Ontario, Canada.

The Company had $1,200,000 in unused available credit at May 31, 1992 under its credit arrangements with its bank and plans to continue to utilize this means to help finance its interim needs during the year. Current financial resources and anticipated funds from operations are expected to be adequate to meet requirements for funds in the year ahead.

PART II: OTHER INFORMATION

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Reg. S-K
Item 601

Subsection	Description of Exhibit	Status	Page Number

Pursuant to Reg. S-K item 601 no exhibits are required.

(b) Reports on Form 8-K

No 8-K reports were filed during the three months ended May 31, 1992

No financial statements were filed during the three months ended May 31, 1992.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHASE CORPORATION

BY: ______________________________
Wilfred W. Carter, Chairman, Treasurer & Director
(Principal Executive and Financial Officer)

Date: July 10, 1992

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarter Ended March 31, 1992

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]

For the transition period from ________ to _______

Commission file number 0-13939

CIRCADIAN, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

94-2619163
(I.R.S. Employer Identification Number)

3942 North First Street, San Jose, California 95134
(Address of principal executive offices)

Registrant's telephone number, including area code: (408) 943-9222

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__ No ____

On March 31, 1992 the registrant had outstanding 4,740,718 shares of Common Stock of $0.01 par value, which is the registrant's only class of Common Stock.

This report on Form 10-Q, including all exhibits, contains 9 pages. The index is located on page 2 of this report.

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CIRCADIAN, INC.

FORM 10-Q

Third Quarter

INDEX

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CIRCADIAN, INC.

BALANCE SHEETS
March 31, 1992 and June 30, 1991
(in thousands)

	Mar 31, 1992	June 30, 1991
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$275	$1,556
Accounts receivable, net	1,368	2,235
Inventories, net	2,642	1,896
Prepaid expenses and other	184	143
Total current assets	4,469	5,830
Long-term receivables, net	132	286
Property and equipment, net	57	117
Investment in joint venture	129	-
	$4,787	$6,233
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$1,335	$1,699
Accrued liabilities	1,594	1,827
Deferred service contract revenue	471	395
Total current liabilities	3,400	3,921
Convertible subordinated notes	953	819
STOCKHOLDERS' EQUITY		
Common stock	47	47
Additional paid-in capital	12,612	12,602
Accumulated deficit	(12,225)	(11,156)
Total stockholders' equity	434	1,493
	$4,787	$6,233

See accompanying notes

CIRCADIAN, INC.
STATEMENTS OF OPERATIONS

Three months and nine months ended March 31, 1992 and 1991
(in thousands except for per share figures)

	Three Months Ended		Nine Months Ended	
	1992	1991	1992	1991
NET SALES	$3,119	$3,633	$9,088	$10,713
COSTS AND EXPENSES				
Cost of goods and services	1,366	1,556	4,321	5,041
Sales and marketing	1,236	1,222	4,164	3,863
Research and development	142	164	512	523
General and administration	355	740	1,154	1,561
Interest income, net	14	(20)	6	(39)
Total costs and expenses	3,113	3,662	10,157	10,949
NET INCOME (LOSS)	$6	($29)	($1,069)	($236)
NET INCOME (LOSS) PER SHARE	$0.001	($0.01)	($0.23)	($0.05)
Weighted average shares outstanding	5,149	4,685	4,734	4,631

See accompanying notes

CIRCADIAN, INC.
STATEMENTS OF CASH FLOWS

Nine months ended March 31, 1992 and 1991
(in thousands)

	1992	1991
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
CASH FLOW FROM OPERATING ACTIVITIES:		
Net loss	($1,069)	($236)
Reconciliation of net loss to net cash provided by, (used in) operating activities:		
Depreciation and amortization	63	116
Accrued interest of convertible subordinated notes	34	34
Changes in:		
Accounts receivables	867	(499)
Inventories	(746)	626
Prepaid expenses and other	(41)	(129)
Accounts payable	(364)	404
Accrued liabilities	(233)	(52)
Deferred service contract revenue	76	(105)
Total	(344)	395
Net cash provided by (used in) operating activities	(1,413)	159
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditures	(3)	-
Investment in joint venture	(129)	-
Net cash used in investing activites	(132)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from subordinated notes	100	-
Change in long-term receivables	154	437
Exercise of warrants	-	1
Proceeds from the employee stock purchase plans, net of repurchases	10	7
Net cash provided by used in financing activities	264	445
Net increase (decrease) in cash and cash equivalents	(1,281)	604
Cash and cash equivalents at beginning of period	1,556	1,102
Cash and cash equivalents at end of period	$275	$1,706

See accompanying notes

CIRCADIAN, INC.

NOTES TO FINANCIAL STATEMENTS

March 31, 1992

1. Interim financial statement presentation

In the opinion of management, the accompanying interim financial statements reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the Company's financial position at March 31, 1992, and its results of operations for the three months and nine months ended March 31, 1992 and 1991 and cash flows for the nine months ended March 31, 1992 and 1991. The results for interim periods are not necessarily indicative of the results for the entire year. The financial statements included herein should be read in conjunction with the audited financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991.

2. Inventories

Inventories consist of (in thousands):

	March 31 1992	June 30 1991
Raw materials	$772	$798
Work in process	63	51
Finished goods	1,249	551
Demonstration inventory	615	496
	$ 2,644	$ 1,896

3. Computation of weighted average shares outstanding

Net loss per share has been calculated based on weighted average number of common shares outstanding during the periods. Common equivalent shares have not been included in the calculation of loss per share as their effect would be anti-dilutive.

CIRCADIAN, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Circadian, Inc. (the "Company") was founded in 1979 as a California Corporation and made its first shipment of diagnostic medical equipment in 1981. It was subsequently reincorporated in Delaware in 1985. With the maturing of the market for its initial product, the Holter monitoring system, the Company imparted upon a strategy to broaden its product line by internal development and by acquiring products which can be functionally enhanced and manufactured by the Company at a lower cost. In fiscal 1990, the Company began to offer ultrasound imaging products. In the first quarter of fiscal 1992, the Company started to sell two new products, a surgical laser and an enhanced diagnostic ultrasound product, both of which are manufactured by others. The Company has equipment installed in approximately 6,000 physician's offices, clinics and hospitals.

The Company's products include: Holter systems used to monitor and analyze a patient's heart activity over a 24-hour period; ultrasound systems used primarily to scan patients' abdominal and pelvic organs, heart, breasts, testicles, and carotid arteries for abnormalities; stress testing systems used for analyzing a patient's heart activity during exercise; ambulatory blood pressure monitoring systems used to record blood pressure information over a 24-hour period; vascular testing systems used for diagnosis of the circulatory system in the legs, arms and neck; pulmonary function testing systems used for evaluation and tracking of lung diseases; resting and interpretive electrocardiograph machines used for routine in-office evaluation of heart functions; and a laser used for minor surgery in the primary care office.

The Company's nationwide sales force of direct sales representatives and managers sell diagnostic equipment directly to domestic, private-practice physicians, clinics and hospitals. The Company sells to international markets through distributors.

Results of Operations

Third quarter of fiscal 1992 compared to same period of fiscal 1991

The Company recorded $6,000 in net income for the third quarter of fiscal 1992 principally related to lower operating cost and increased international sales which have lower revenue related selling costs. The Company's net sales were down by 14.2% because of price erosion, competitive pressure and general economic conditions. There was also market confusion and a related slowing of sales caused by changes in Medicare reimbursement policies. International sales were up by $556,000. Domestic net sales for the quarter declined 39.6% compared to the same period of fiscal 1991. Holter sales were down; 18.5% of net sales vs 25.7% of net sales from the prior quarter, because of price erosion and competitive pressures. ScanMate II ultrasound product sales were down; 2.5% of net sales vs 25.2% of net sales from the prior quarter, because the domestic market has reached maturity for this specific product. To overcome these declines, the Company introduced the laser and Medison ultrasound products in fiscal 1992 which contributed 10.2% and 7.6% of net sales respectively during the nine month period. Service revenue as a percent of net sales was 14.2% compared to 17.6% in the corresponding quarter of the prior fiscal year.

The gross margin in the third quarter of fiscal 1992 was 56.2%, compared to 57.2% for the same period of the prior fiscal year. This was primarily caused by price erosion in the Holter product line, the sale of lower margin products and lower revenues without a corresponding decrease in period manufacturing costs.

Sales and marketing costs were up by $14,000 over the same period in fiscal 1991 primarily because of expenses related to developing international markets. General and administrative cost decreased by $385,000 because of tighter expense controls, reduction in head count, and charges related to a proxy contest in 1991 which did not occur in fiscal 1992. Research and development costs decreased by $22,000. During the quarter, the Company reduced the number of total employees from the preceding quarter by 18 to a total of 90.

In February 1992, the Company entered into a joint venture agreement with Medison Korea, Ltd. and established a California corporation called Medison America, Inc. of which the Company owns 49%. Medison America entered into a distribution agreement with Circadian whereby Circadian agreed to distribute certain Medison ultrasound product in the United States. The Company contributed demonstration equipment and fixed assets as its capital contribution, and recognized $14,000 of costs associated with its minority interest in Medison America.

First nine months of fiscal 1992 compared to the same period of fiscal 1991

Net sales were down by 15.2% due to weak domestic sales for all product lines. This was caused by the confusion in the market related to insurance cost reimbursements and general economic conditions. During the nine month period, the newly introduced laser and Medison ultrasound products contributed a total 17.8% of net sales. Holter contributed 23% vs 31.9% of net sales in the nine month period of fiscal 1991. ScanMate II contributed 9% vs 24.4% of net sales in the nine month period of fiscal 1991. International sales were up by 217.1% ($925,000), principally related to sales to a distributor in the Far East. Gross margin for the period decreased .5% because less refurnished inventory was sold and price erosion. Total sales and marketing costs increased as the Company incurred additional costs related to market introductions of the laser and Medison products. Research and development costs were down. General and administrative costs were down 26% from the corresponding prior period as the Company downsized the organization by 25.6% and did not incur the expenses related to the fiscal 1991 proxy contest.

LIQUIDITY AND CAPITAL RESOURCES

The Company funded operations in fiscal 1991 through better working capital management, extending accounts payable and the sale of refurbished inventory. During the first quarter of fiscal 1992 product sales were lower than expected due to delays in the introduction of the new laser and ultrasound products. This resulted in lower net sales and a loss for the quarter of $860,000. In the second quarter net sales increased. However, sales and marketing expenses were also up causing a net loss of $215,000. In the third quarter, net income was $6,000. The year to date loss was $1,069,000. Inventory increased to $2,644,000 from $1,896,000 to support the new product introductions. Funding these quarterly loses and the increase in inventory resulted in cash decreasing by $1,281,000 to the current balance of $275,000. Working capital decreased from $1,909,000 as of June 30, 1991 to $1,069,000 on March 31, 1992. In February 1992, the Company entered into a $100,000 secured loan agreement with the Walden Group. The Company is currently seeking financing to fund product introductions, expand the sales organization, purchase demonstration inventory and for working capital purposes. There can be no assurance that additional financing will be available, and if available would be obtained on favorable terms which do not involve significant dilution to current stockholders. As discussed in Note 1 to the financial statements of the Company as contained in its Annual Report on From 10-K, there is substantial doubt that the Company will be able to continue as a going concern if adequate funding can not be obtained on a timely basis.

The Company is not capital intensive. Fixed asset additions were $18,000 for the nine month period ended March 31, 1992, which were funded through working capital.

CIRCADIAN, INC.

PART II

OTHER INFORMATION

Item 5: On April 24, 1992 the Company's Board of Directors expanded the number of Board seats to four, elected Richard W. Wirth, a turnaround manager, to the Board and appointed him interim President and Chief Executive Officer. Dr. Peter H. Chang, the former CEO, remains as a director and has assumed a leadership role for International sales to Pacific Rim countries. The Board also elected Mr. George Sarlo as Chairman of the Board. Mr. Neill Brownstein continues as a Board Member.

Item 6: Exhibits and Reports on Form 8-K. No reports of Form 8-K were filed during the quarter.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

CIRCADIAN, INC.

May 13, 1992

By:
Richard W. Wirth, President and
Chief Executive Officer

May 13, 1992

By:
David L. Robertson
Vice President, Chief Financial Officer
and Principal Accounting Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

[x] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities and Exchanges Act of 1934
For the Quarter ended March 31, 1992

11/15

OR

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities and Exchanges Act of 1934

For the Transition period ended _______ to _______

Commission File No. 0-18480

892-2233

CMS\DATA CORPORATION
(Exact Name of Registrant as
specified in its charter)

FLORIDA
(State or other jurisdiction of
incorporation or organization)

59-1854426
(I.R.S. Employer Identification)

124 Marriott Drive
Park Centre, Suite 200
Tallahassee, Florida 32301
(Address of principal executive offices)
(Zip Code)

(904) 878-5155
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Common stock outstanding at May 13th, 1992

Title of each class	Number of shares outstanding
Common Stock, $.01 Par Value	3,859,000

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PART I: FINANCIAL INFORMATION

Item 1: FINANCIAL STATEMENTS

CMS/DATA CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Quarter Ended March 31,	
	1992	1991
Revenues:		
System Sales	$ $1,739,400	$ $2,518,000
Miscellaneous sales, services and software support agreements	1,376,100	873,400
Other revenue	50,900	43,100
Total revenues	3,166,400	3,434,500
Costs and expenses:		
Cost of sales and services	1,620,600	1,308,500
Software development costs	163,600	156,000
Selling, general and administrative	1,560,700	1,665,800
Depreciation and amortization	151,700	142,200
Provision to record decline in market value of investment securities	103,900	--
Interest	11,200	2,600
Total costs and expenses	3,611,700	3,275,100
(Loss) income before income taxes	(445,300)	159,400
Income taxes (benefit)	(220,700)	57,400
Net (loss) income	$ ($224,600)	$ $102,000
Net (loss) income per common share	$ ($0.06)	$ $0.03
Weighted average shares and share equivalents	3,859,000	3,608,000

See notes to consolidated financial statements

CMS/DATA CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Nine Months Ended March 31,	
	1992	1991
Revenues:		
System Sales	$ 6,484,700	$ 6,908,700
Miscellaneous sales, services and software support agreements	3,761,900	2,413,200
Other revenue	122,500	166,300
Total revenues	10,369,100	9,488,200
Costs and expenses:		
Cost of sales and services	4,245,400	4,073,800
Software development costs	610,500	398,000
Selling, general and administrative	5,570,400	4,186,200
Depreciation and amortization	448,900	285,500
Provision to record decline in market value of investment securities	103,900	--
Interest	17,700	11,900
Total costs and expenses	10,996,800	8,955,400
(Loss) income before income taxes	(627,700)	532,800
Income taxes (benefit)	(244,300)	187,400
Net (loss) income	$ (383,400)	$ 345,400
Net (loss) income per common share	$ (0.10)	$ 0.10
Weighted average shares and share equivalents	3,859,000	3,303,900

See notes to consolidated financial statements

CMS/DATA CORPORATION

CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (Unaudited)	June 30, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,784,700	$ 3,218,400
Accounts receivable, less allowance for doubtful accounts of $65,000 and $72,000	4,215,000	4,314,700
Inventory	15,000	106,100
Prepaid expenses	272,500	156,400
Total current assets	6,287,200	7,795,600
Equipment and leasehold improvements:		
Office equipment	315,700	310,600
Leasehold improvements	84,500	89,000
Computer equipment	1,422,200	1,222,000
	1,822,400	1,621,600
Less accumulated depreciation and amortization	(762,200)	(533,500)
	1,060,200	1,088,100
Marketable equity securities, carried at lower of cost or market	465,000	392,400
Excess of cost over net assets of acquired businesses, net of accumulated amortization of $140,000 and $50,000	2,287,200	2,377,200
Product development costs, net	1,740,100	968,400
	$ 11,839,700	$ 12,621,700
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	$ 86,600	$ 36,000
Accounts payable	294,900	1,520,500
Accounts payable to affiliate	493,900	469,000
Accrued liabilities	787,000	806,600
Customer deposits	196,800	84,900
Deferred revenue	1,562,200	873,700
Total current liabilities	3,421,400	3,790,700
Long-term debt:		
Notes payable	134,000	48,400
Deferred income taxes	124,900	416,300
Total liabilities	3,680,300	4,255,400
Shareholders' equity:		
Preferred stock, $ .01 par value; authorized 5,000,000 shares; none issued		
Common stock, $ .01 par value; authorized 10,000,000 shares; issued 3,859,000	38,600	38,600
Additional paid-in capital	7,808,900	7,808,900
Retained earnings	311,900	695,300
Unrealized loss on noncurrent marketable equity securities	--	(176,500)
	8,159,400	8,366,300
	$ 11,839,700	$ 12,621,700

See notes to consolidated financial statements

CMS/DATA CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine Months Ended March 31, 1992	Nine Months Ended March 31, 1991
Cash flows from operating activities:		
Net (loss) income	$ (383,400)	$ 345,400
Adjustments to reconcile net (loss) income to net cash used for operations:		
Depreciation and amortization	448,900	285,500
Provision to record decline in market value of investment securities	103,900	--
Loss on sale of investment	--	1,900
Decrease (increase) in accounts receivable	99,700	(850,800)
Decrease (increase) in inventory	91,100	(151,400)
Increase in prepaid expenses	(116,100)	(87,500)
Increase in product development costs	(901,900)	(452,100)
Decrease in accounts payable	(1,225,600)	(89,600)
Decrease in accrued liabilities	(19,600)	(237,900)
Increase (decrease) in customer deposits	111,900	(700)
Increase in deferred revenue	688,500	357,700
(Decrease) increase in deferred income taxes payable	(291,400)	77,600
Net cash used for operating activities	(1,394,000)	(801,900)
Cash flows from investing activities:		
Capital expenditures	(200,800)	(357,000)
Payment for purchase of acquired companies net of cash received	--	(192,800)
Proceeds from sales of investment securities	--	20,600
Net cash used for investing activities	(200,800)	(529,200)
Cash flows from financing activities:		
Borrowings under debt agreement	173,100	--
Repayment under debt agreement	(36,900)	(11,400)
Net change in due to shareholders	--	(78,700)
Net change in due to affiliate	24,900	(12,400)
Cost from issuance of common stock	--	(67,200)
Cost of treasury stock	--	(100,000)
Net cash provided (used) for financing activities	161,100	(269,700)
Net decrease in cash and cash equivalents	(1,433,700)	(1,600,800)
Cash and cash equivalents, beginning of year	3,218,400	3,787,600
Cash and cash equivalents, end of year	$ 1,784,700	$ 2,186,800
Supplemental disclosures of cash flow information:		
Cash paid during the year for income taxes	$ --	$ 168,000
Cash paid during the year for interest	$ 17,662	$ 11,900

See notes to consolidated financial statements

CMS/DATA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 1992
(Unaudited)

Note A - Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and the instructions to Form 10-Q and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the results for the interim period have been included. Operating results for the three and nine month periods ended March 31, 1992 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 1992. For further information, reference is made to the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 1991.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany profits, transactions and balances have been eliminated.

Note B - Marketable Equity Securities

The Company has recorded a provision to establish a new cost basis in investment securities for which the decline in market value has been determined to be other than temporary.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Quarter and Nine Months Ended March 31, 1992 compared to March 31, 1991.

On February 8, 1991, the Company acquired CompInfo, Inc. ("CompInfo"), a New York-based developer and vendor of law firm and corporate legal department computer system software. On February 11, 1991, the Company acquired Canterbury Systems Corp. ("Canterbury"), a Toronto-based developer and vendor of software to the legal profession. CompInfo and Canterbury are sometimes referred to below as the "Acquired Subsidiaries." Unless otherwise indicated, the financial statement line items analyzed below include the accounts of the Acquired Subsidiaries from the dates of their respective acquisition. The March 1991 comparative figures for these companies reflect only seven weeks' activity.

The Company's revenues for the quarter ended March 31, 1992 were $3,166,400 (including $648,300 for the Acquired Subsidiaries) compared to $3,434,500 for the quarter ended March 31, 1991, a decrease of 7.8%. For the quarter ended March 31, 1992, revenues, excluding the effects of the Acquired Subsidiaries, were $2,518,000 compared to $2,288,900, an increase of 10.0%. The Company's revenues for the nine months ended March 31, 1992, were $10,369,100 (including $1,815,400 for the Acquired Subsidiaries) compared to $9,488,200, for the nine months ended March 31, 1991, an increase of 9.3%. For the nine months ended March 31, 1992, revenues, excluding the effects of the Acquired Subsidiaries, were $8,553,700 compared to $8,342,600 for the nine months ended March 31, 1991, an increase of 2.5%.

Results for the third quarter ended March 31, 1992, showed a reduction in revenue which contributed to the loss for the period and year to date as a result of the continuing recession. The Company's sales, lead by a strong performance by PC DOCS™ along with other application software, peripherals, service and software support agreements (excluding the Acquired Subsidiaries) increased by 9.3% over last year. Hardware sales, decreased from $1,791,400 for the nine months ended March 31, 1991 to $978,700 for the nine months ended March 31, 1992, a decrease of 45.4%. This decrease is attributable to the reduction in new system sales, as well as a decline in hardware prices. For the nine months ended March 31, 1992, sales from all other sources, including PC DOCS and other application software, peripherals, service and software support agreements (excluding the Acquired Subsidiaries) increased by 15.6% over the same period last year. Software support and hardware maintenance revenues continue to increase as a result of incremental services provided to a growing client base.

Cost of sales and services, as a percentage of revenues, increased to 51.2% for the three months ended March 31, 1992, from 38.1% for the three months ended March 31, 1991. This percentage is a direct reflection of the hardware/software sales mix. Excluding amounts related to the Acquired Subsidiaries, cost of sales and services, as a percentage of revenues, increased from 44.5% to 55.3% for the same period. Cost of sales and services, as a percentage of revenues, continued to decline to 40.9% for the nine months ended March 31, 1992, from 42.9% for the nine months ended March 31, 1991. Excluding amounts related to the Acquired Subsidiaries, cost of sales and services, as a percentage of revenues, decreased from 45.4% to 42.5% for the same nine-month period. The decrease was attributable to the increased sales of the Company's own higher margin products, PC DOCS and other application software, together with the increase in service revenues from existing clients. Included in the cost of sales figure for the three and nine-month periods ended March 31, 1992, was approximately $152,500 and $551,300, respectively, paid to The Quartex Corporation, (the Company's principal shareholder) for services provided for programming and customer support.

The Company's investment in software development, before capitalization, for the quarter ended March 31, 1992, was $542,900 compared to $206,000 for the same period last year. Excluding the Acquired Subsidiaries, software development costs, before capitalization, for the quarter ended March 31, 1992 were $435,600, compared to $206,000 for the same period last year. The capitalized portion of software development costs was $379,300 for the quarter ended March 31, 1992, compared to $130,000 for the same period last year. Software development expense for the quarter ended March 31, 1992, was $163,500, compared to $156,000 for the same period last year. The Company's software development cost, before capitalization, for the nine months ended March 31, 1992 were $1,514,200, compared to $756,000 for the same period last year. Excluding the Acquired Subsidiaries, software development costs, before capitalization, for the nine months ended March 31, 1992 were $861,200, compared to $756,000 for the same period last year. The capitalized portion of software development costs was $903,700 for the nine months ended March 31, 1992, compared to $438,000 for the same period last year. Software development expense for the nine months ended March 31, 1992, was $610,500, compared to $398,000 for the same period last year. For the nine-month period ended March 31, 1992, software development cost attributable to the Acquired Subsidiaries amounted to $653,000 before capitalization of $465,300.

Selling, general and administrative expenses for the quarter ended March 31, 1992, were $1,550,700 or 49.3% of total revenues, compared to $1,665,800 or 48.5% of total revenues for the quarter ended March 31, 1991. Selling, general and administrative expenses, excluding the Acquired Subsidiaries, for the quarter ended March 31, 1992 were $1,091,100 or 43.4% of revenues, compared to $1,362,000 or 59.5% for the same period last year, a decrease of 16.1%. Selling, general and administrative expenses for the nine months ended March 31, 1992 were $5,570,400 or 53.7% of revenues, compared to $4,186,200 or 44.1% of revenues. Selling, general and administrative expenses, excluding the Acquired Subsidiaries, for the nine months ended March 31, 1992 were $4,315,400 or 50.5%, compared to $3,882,400 or 46.5% for the same period last year, an increase of 4.0% as a percentage of revenues. The increase in selling, general and administrative expenses occurred during a period of expansion from July 1, 1991 to December 31, 1991. The increase in selling, general and administrative expenses as a percentage of total revenues for the nine months ended March 31, 1992 resulted from lower than expected revenues to offset expenses incurred. These increases are attributable to the Company's head office expansion and the increase in sales, marketing, programming and support staff. Included in the selling, general and administrative figures for the three and nine month periods ended March 31, 1992, was approximately $60,200 and $140,200 respectively, charged by The Questex Corporation for services. The Company is taking steps to decrease the selling, general and administrative expenses by implementing a number of cost reduction programs.

The net loss for the quarter ended March 31, 1992 was $224,600, compared to earnings of $102,000 for the same period last year. The loss excluding the Acquired Subsidiaries, for the quarter ended March 31, 1992 was $385,600, compared to a loss of $288,800 for the quarter ended March 31, 1991. The loss per share for the three-month period was $0.06 on 3,859,000 weighted average shares outstanding compared to the gain per share of $0.03 on 3,608,000 weighted average outstanding for the same period last year. The loss for the nine months ended March 31, 1992 was $383,400 (including a loss for the Acquired Subsidiaries of $168,600). The loss for the nine months ended March 31, 1992 was $214,800, excluding the Acquired Subsidiaries, compared to a loss of $45,400 for the nine months ended March 31, 1991. The loss per share for the nine-month period was $0.10 on 3,859,000 weighted average shares outstanding compared to earnings per share of $0.10 on 3,303,900 weighted average shares outstanding for the same period last year. All figures reported for the three and nine-month periods are stated after the effect of income taxes. The Company expects that the Acquired Subsidiaries will continue to have a short term negative impact on the Company's earnings.

During the quarter ended March 31, 1992, the Company wrote down the value of its investment securities. This adjustment of the Company's cost basis in the investment required a charge to operations of $103,900 which is included in the determination of the net loss for the period.

As discussed above, the Company's investment in sales, marketing, programming and support staff has increased operating expenses and adversely affected net income. The Acquired Subsidiaries' product development program negatively impacted their earnings for the quarter and nine months ended March 31, 1992, which in turn further increased the Company's net losses. The Acquired Subsidiaries were acquired by the Company principally because of their position in the marketplace, strong client base, products and development teams.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of liquidity is cash from operations. Cash used for operating activities for the nine months ended March 31, 1992 amounted to $1,394,000, compared to cash used of $801,900 for the same period last year. The Company may continue to experience temporary periods of negative cash flow from operations as a result of the current recessionary and economic conditions, which may have an adverse impact on revenues and the Company's collection of accounts receivable. The Company's working capital was $2,865,800 at March 31, 1992, compared to working capital of $3,977,700 at March 31, 1991. Contributing to the decrease in working capital is the continued investment in product development, the building of a national marketing and sales organization, the integration of the Acquired Subsidiaries and the continued expansion of the PC DOCS dealer network.

The Company leases its corporate offices and certain computer and office equipment under operating leases through June, 1996, at an approximate minimum rental of $556,000 for fiscal 1992 and $513,000 for fiscal 1993. The Company estimates that its capital expenditures will be approximately $200,000 for the year ending June 30, 1992, but has not entered into any material capital purchase commitments. The Company continues to invest significant funds in software development costs associated with enhancing and improving the Company's existing software products and developing new products. Management believes that cash from operations and from other sources which may be available are adequate to fund the Company's capital expenditures for at least the next two years.

FLUCTUATIONS IN INTERIM PERIOD OPERATING RESULTS

Management of the Company believes that historically, interim results and period-to-period comparisons have been neither predictable nor an accurate measure of the annual performance of the Company. The Company has experienced and expects to continue to experience interim period-to-period fluctuations in the number of systems sold, revenues and net income. These fluctuations are primarily a result of the revenues of the Company being generated principally by the sale of a small number of relatively large systems, the Company's policy of recognizing revenue only when the system's hardware is shipped, and the client's desire to accelerate or stagger system installations. These factors tend to distort the operating results of an interim period. Additionally, sales are not made or recognized evenly throughout the fiscal year or any interim period, thus making meaningful interim period comparisons difficult. These fluctuations may also have a significant impact on profitability in any interim period as a result of the relatively fixed nature of operating costs and selling, general and administrative expenses.

Prevailing recessionary conditions affecting the legal profession have resulted in and may continue to result in delays in client purchase decisions in the Company's target markets.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On February 10, 1992, the Company commenced two independent actions in the Circuit Court of Leon County, Florida against a former employee. One action seeks collection of a promissory note and mortgage in the principal amount of $100,000 executed by the former employee; the other requests temporary and permanent injunctive relief against threatened interference by the former employee with relations between the Company and its customers, suppliers, consultants, employees, officers and directors.

In the collection and foreclosure action, the former employee counterclaimed for an unspecified amount of compensatory and punitive damages for fraudulent inducement and breach of his employment agreement. The court has struck the punitive damage claim and dismissed the fraudulent inducement claim, in each case, without prejudice to the former employee's right to re-plead these claims. The court also granted a temporary injunction in favor of the Company in the second action.

Management of the Company believes that its claims against the former employee are meritorious and does not believe that there is any merit to the former employee's claims against the Company. The Company intends to vigorously pursue its claims and defend the employee's counterclaims in the two actions.

ITEM 2. CHANGES IN SECURITIES

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CMS/DATA CORPORATION
Registrant

DATE: May 14, 1992

Rubin I. Osten
Chairman of the Board and
Chief Executive Officer
(Principal Executive Officer)

DATE: May 14, 1992

Andrew M. Kandel
President, Chief Operating Officer
and Director

DATE: May 14, 1992

E Steinberg

Esther Steinberg
Vice President, Finance
(Principal Financial and Accounting Officer)

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarter period ended March 31, 1992

OR

[ ] Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the transition period from _____ to _____

Commission File Number: 0-10640

PROCESSED BY
MAY

COLLAGEN CORPORATION

(Exact name of registrant as specified in its

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Delaware
State of Incorporation

94-2300486
I.R.S. Employer Identification No.

1850 Embarcadero Road, Palo Alto, California 94303
Telephone: (415) 856-0200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares outstanding of the issuer's Common Stock was 10,010,776 as of April 30, 1992.

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COLLAGEN CORPORATION

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PART I. FINANCIAL INFORMATION
COLLAGEN CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except share and per share amounts)

	March 31, 1992 (Unaudited)	June 30, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$ 29,524	$ 11,184
Short-term investments	14,010	5,333
Accounts receivable, net	11,408	12,469
Inventories	9,652	7,866
Other current assets	2,320	2,171
Total current assets	66,914	39,023
Property and equipment, net	20,725	20,394
Intangible assets	4,768	5,786
Other assets	1,773	2,388
Total assets	$ 94,180	$ 67,591
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 13,144	$ 11,807
Current portion of note payable	---	3,400
Other current liabilities	2,652	3,552
Total current liabilities	15,796	18,759
Note payable	---	9,350
Other long-term liabilities	1,576	818
Minority interest in consolidated subsidiary	17,917	866
Stockholders' equity:		
Preferred stock, $.01 par value, authorized 5,000,000 shares; none issued and outstanding	---	---
Common stock, $.01 par value, authorized 28,950,000 shares; issued and outstanding 10,010,727 shares at March 31, 1992 (9,748,186 at June 30, 1991)	100	97
Additional paid-in capital	59,627	41,686
Accumulated deficit	(836)	(3,985)
Total stockholders' equity	58,891	37,798
Total liabilities and stockholders' equity	$ 94,180	$ 67,591

See accompanying notes.

COLLAGEN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1992	1991	1992	1991
Revenues:				
Product sales	$ 16,434	$ 14,605	$ 46,841	$ 44,277
Other	900	100	1,400	100
	17,334	14,705	48,241	44,377
Costs and expenses:				
Cost of sales	6,581	3,830	15,898	10,604
Research & development	3,103	2,179	8,606	6,705
Selling, general & administrative	9,133	7,609	28,036	19,819
	18,817	13,618	52,540	37,128
Income (loss) from operations	(1,483)	1,087	(4,299)	7,249
Other income (expense):				
Gain from investments, net	9,439	---	9,439	---
Interest income	584	368	1,012	789
Interest expense	(337)	(328)	(788)	(736)
Income before income taxes and minority interest	8,203	1,127	5,364	7,302
Provision for income taxes	1,138	394	1,086	2,932
Minority interest in earnings of consolidated subsidiary	543	64	680	84
Income from continuing operations	6,522	669	3,598	4,286
Loss from discontinued operations (net of income tax provision (benefit))	(969)	(6,944)	(449)	(9,462)
Net income (loss)	$ 5,553	$ (6,275)	$ 3,149	$ (5,176)
Earnings (loss) per share:				
Income from continuing operations	$ .63	$ .07	$ .36	$ .45
Loss from discontinued operations	(.09)	(.68)	(.05)	(.99)
Net income (loss) per share	$ .54	$ (.61)	$ .31	$ (.54)
Weighted average number of common and common equivalent shares outstanding	10,366	10,211	10,092	9,528

See accompanying notes.

COLLAGEN CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Increase (Decrease) in Cash and Cash Equivalents
(In thousands)
(Unaudited)

	Nine Months Ended March 31,	
	1992	1991
Cash flows from operating activities:		
Net income (loss)	$ 3,149	$ (5,176)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Discontinued operations, primarily loss on disposal	507	6,316
Net gain on investments	(9,439)	----
Depreciation and amortization	3,932	2,395
Other adjustments related to changes in assets and liabilities	1,926	1,574
Net cash provided by operating activities	75	5,109
Cash flows from investing activities:		
(Increase) decrease in short-term investments	(8,677)	7,738
Expenditures for property and equipment	(3,550)	(5,485)
Expenditures for intangible and other assets	(616)	(2,467)
Net proceeds from sale of Target Therapeutics, Inc. common stock	3,890	----
Discontinued operations purchase of property and equipment	----	(1,390)
Net cash used in investing activities	(8,953)	(1,604)
Cash flows from financing activities:		
Dividend from Celtrix Laboratories, Inc. spin-off	----	(18,615)
Net proceeds from issuance of Collagen common stock	----	16,589
Net proceeds from Target Therapeutics, Inc. common stock offering	37,813	----
Target Therapeutics, Inc. dividend paid to minority stockholders	(314)	----
Issuance of common stock to employees	2,489	2,786
Repayment of long-term debt	(12,770)	(2,100)
Net cash provided by (used in) financing activities	27,218	(1,340)
Net increase in cash and cash equivalents	18,340	2,165
Cash and cash equivalents at beginning of period	11,184	10,780
Cash and cash equivalents at end of period	$ 29,524	$ 12,945

See accompanying notes.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Condensed Consolidated Financial Statements

The condensed consolidated financial statements include the accounts of Collagen Corporation ("the Company") and its wholly-owned and majority-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated.

The condensed consolidated balance sheet as of March 31, 1992, the condensed consolidated statement of operations for the three- and nine-month periods ended March 31, 1992 and 1991, and the condensed consolidated statement of cash flows for the nine-month periods ended March 31, 1992 and 1991, have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows at March 31, 1992 and for all periods presented have been made. Interim results are not necessarily indicative of results for a full fiscal year. The condensed consolidated balance sheet as of June 30, 1991 has been derived from the audited consolidated financial statements at that date.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended June 30, 1991 included in the Company's 1991 Annual Report to Stockholders.

2. Inventories

Inventories consist of the following:

	March 31, 1992	June 30, 1991
Raw materials	$ 2,008	$ 2,016
Work-in-process	3,683	2,676
Finished goods	3,961	3,174
	$ 9,652	$ 7,866

On August 16, 1991, officials from the U.S. Food and Drug Administration ("FDA") seized certain of the Company's finished goods inventory of injectable collagen products, alleging that the products were not labeled in compliance with federal regulations. In January 1992, the Company reached an agreement with the FDA and started the work necessary to release the seized inventory, with a sales value of approximately $5.0 million. The Company completed a reconditioning plan involving the relabeling of the finished goods inventory, and, in February 1992, the Company received notice from the FDA that the seizure action was resolved. Most of the affected inventory has been released, a portion was destroyed, following satisfactory compliance with the terms of the consent decree allowing for its relabeling. These released products have been shipped to the Company's physician customers.

3. Per Share Information

Income and loss per share information for the three- and nine-month periods ended March 31, 1992 and 1991 have been computed based upon the weighted average number of common and, when dilutive, common equivalent shares outstanding. Common equivalent shares result primarily from dilutive stock options. Proceeds from the exercise of such options are assumed to be used to repurchase shares using the treasury stock method.

4. Income Taxes

The provision for income taxes for the three- and nine-month periods ended March 31, 1992 was computed by applying the annual effective tax rate excluding the tax effect related to the gain on the investment in Target Therapeutics, Inc. which was recorded separately during the quarter. The provision for income taxes for the three- and nine-month periods ended March 31, 1991 was computed by applying the annual effective tax rate.

In December 1987, the Financial Accounting Standards Board ("FASB") issued Statement No. 96, "Accounting for Income Taxes", which established a new method of accounting for income taxes. The FASB has recently approved Statement No. 109, which supersedes Statement No. 96. The Company is required to adopt the Statement 109 in its fiscal year ending June 30, 1994, and is currently studying the impact of adoption to its financial statements.

5. Celtrix Laboratories Spin-Off

In February 1991, the Company completed the spin-off of its wholly-owned subsidiary, Celtrix Laboratories, Inc. ("Celtrix"), in which the Company's stockholders of record as of the close of the February 15, 1991 record date received one share of Celtrix common stock for every four shares of Collagen common stock. Prior to the spin-off, the Company contributed approximately $18.6 million in cash, cash equivalents and short-term investments ($21.1 million less repayment of advances of $2.5 million), plus $3.8 million of certain other assets, net of liabilities, related to the operations of Celtrix.

Celtrix's results of operations have been presented separately as a discontinued operation for the three- and nine-month periods ended March 31, 1991.

6. Discontinued Operations

In February 1992, the Company decided to discontinue its in-house prescription drug business, SummaCare, Inc. ("Summa"). A provision of $855,000 (net of an income tax benefit of $55,000) has been recorded to reserve for the loss on disposal of net assets of Summa, including estimated future costs. The net assets of the Summa business at March 31, 1992 consisted primarily of receivables, inventories, fixed assets, and goodwill. The Company expects to dispose of the assets by June 30, 1992. Summa's third quarter loss from operations of $114,000 (net of an income tax benefit of $28,000) has been presented in discontinued operations in the accompanying statement of operations for the three- and nine-month periods ended March 31, 1992. Summa's results of operations in preceding periods were not material.

On April 4, 1991, the Company adopted a formal plan to sell its titanium-based dental implant business. On December 20, 1991, the Company completed the sale of the dental implant operations. The assets sold consisted primarily of inventories and fixed assets. The selling price was $1.0 million in the form of cash and a secured note.

In April 1991, the Company estimated a loss on disposal of the dental implant operation of $5.6 million (net of an income tax benefit of $1.2 million) which was recorded in the fiscal year ended June 30, 1991. As a result of lower dental implant business operating losses during the first six months of fiscal year 1992, an adjustment of the estimate of the loss on disposal of the dental implant operation recorded in fiscal year 1991, and the proceeds from the sale of the dental implant business in December 1991, the accompanying statement of operations for the nine-month period ended March 31, 1992, includes a gain of $520,000 (net of $130,000 provision for income taxes) related to the disposition of the dental implant business.

A detail of discontinued operations for the three- and nine-month periods ending March 31, 1992 and 1991 is provided below:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1992	1991	1992	1991
Loss from Celtrix Laboratories, Inc. operations (net of income tax benefit of $380 and $1,517)	$ --	$(530)	$ --	$(2,188)
Loss on disposal of Celtrix Laboratories, Inc. (net of income tax benefit of $409)	--	(591)	--	(591)
Loss from dental implant operations (net of income tax benefit of $168 and $768)	--	(182)	--	(1,042)
(Loss) gain on disposal of dental implant business (net of income tax provision (benefit) of ($1,181), $130, and ($1,181))	--	(5,641)	520	(5,641)
Loss from SummaCare, Inc. operations (net of income tax benefit of $28)	(114)	--	(114)	--
Loss on disposal of SummaCare, Inc. (net of income tax benefit of $55)	(855)	--	(855)	--
Loss from discontinued operations	$(969)	$(6,944)	$(449)	$(9,462)

7. Notes Payable

In March 1992, the Company retired the remaining balance ($10.2 million) of the original $20.0 million term loan due in January 1995. The transaction resulted in a charge of $104,000 consisting of the write-off of the remaining loan origination costs.

8. Other Income (expense)

The Company recorded a net gain on investments of $9.4 million in the quarter ended March 31, 1992. This amount included a $10.2 million gain from its investment in Target Therapeutics, Inc. ("Target") and a $800,000 charge to write down a long-term investment. The gain on the investment in Target resulted from the cash received by the Company consisting of a dividend paid by Target and a sale of Target common stock held by the Company in connection with Target's initial public offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

In July 1990, the Company revised its management reporting structure to more closely reflect the Company's product development and marketing focus. Prior to that time, the operations of Target Therapeutics, Inc., the Company's majority owned subsidiary ("Target"), as well as the Company's product development efforts with respect to Contigen® Bard® Collagen Implant ("Contigen") and Collagraft® Implant ("Collagraft"), were included as part of the operations of the Company's Celtrix Laboratories division. In July 1990, the Company reorganized into three operating units: Collagen Biomedical division, which develops, manufactures and markets dermatological, plastic surgical and dental surgical products; Target Therapeutics, Inc. subsidiary, which develops, manufactures and markets specialty micro-catheters and guidewires; and Celtrix Laboratories, which prior to the spin-off discussed below, conducted the Company's pharmaceutical research and development efforts.

In November 1990, the Company and Essex Chemie, A.G., a subsidiary of Schering-Plough Corporation, entered into a new arrangement which reassigned the responsibility for the direct sales and marketing of injectable collagen products in 10 European countries, Australia, and New Zealand from Schering-Plough to the Company, effective March 1, 1991.

On January 23, 1991, the Board of Directors of the Company approved the declaration of a special dividend to spin off Celtrix Laboratories, Inc. ("Celtrix"), its wholly-owned subsidiary. The Company retained responsibility for the Contigen Implant and Collagraft Implant product development programs after the spin-off, which was effective as of February 15, 1991.

In March 1991, Target entered into a joint venture arrangement with Century Medical, Inc., a subsidiary of C. Itoh and Company, Ltd., to market certain interventional catheter products in Japan. The joint venture will market Target's Stealth® balloon catheter and certain other products in Japan through its own sales force, upon receipt of appropriate governmental approvals.

In April 1991, the Board of Directors of the Company approved the discontinuance of the titanium-based dental implant business and authorized efforts to sell the operation. The dental implant business was sold in December 1991.

The financial statements presented reflect the results of operations of Celtrix, SummaCare, Inc. ("Summa"), and the dental implant business as discontinued operations. The following discussion relates to the results of continuing operations.

Results of Continuing Operations

Consolidated revenues for the Company totaled $17.3 million for the quarter and $48.2 million for the nine-months ended March 31, 1992 compared to $14.7 million and $44.4 million, respectively, for the same periods in the prior fiscal year.

Worldwide injectable collagen product sales for the quarter ended March 31, 1992 were $10.8 million, an increase of 7% over the prior year quarter. The increase is attributable to strong international sales which were partially offset by weakened U.S. sales believed to be due, in part, to the recession, as well as adverse publicity associated with regulatory and congressional scrutiny and negative press surrounding other cosmetic procedures. Injectable collagen product sales for the nine-months ended March 31, 1992 were $31.1 million, lower than the same period in the prior year by 7%. International sales continue to be strong and account for about 45% of the Company's sales of injectable collagen products. It is anticipated that international sales may account for more than 50% of sales of injectable collagen products in the next few years.

Target contributed $5.4 million in product sales in the quarter ended March 31, 1992, up 49% from $3.6 million in the prior year quarter, and $15.0 million of product sales during the nine-months ended March 31, 1992, an increase of 58% over the same period in the prior year. This increase reflects Target's continued expansion in the interventional neurovascular market.

Other revenue of $900,000 and $1.4 million for the three- and nine-months ended March 31, 1992, respectively, consists of payments received under the terms of the research and development arrangement between Target and Century Medical, Inc., Target's joint venture partner in Japan.

Gross margin on the Company's product sales decreased to 60% for the quarter ended March 31, 1992, compared to 74% for the same period in the prior year. Gross margin decreased to 66% for the nine months ended March 31, 1992, compared to 76% for the same period in the prior year. These decreases in gross margin are attributable to lower production levels and higher operating costs in the Fremont, California collagen manufacturing facility, inventory and equipment reserves recorded in the current fiscal quarter and increased Target product sales, which have a lower gross margin percentage relative to injectable collagen products. Target's gross margin remained relatively constant for the three- and nine-months ended March 31, 1992 and 1991.

Research and development ("R & D") expenses were $3.1 million and $2.2 million for the quarters ended March 31, 1992 and 1991, respectively. For the nine-month period ended March 31, 1992, R & D expenses were $8.6 million, an increase of 28% over the same period in the prior year. R & D expenses in the quarter ended March 31, 1991 are net of $600,000 of R & D funding received by Target from Century Medical, Inc. The increases in R & D expenses are primarily due to new product development efforts to expand the catheter business.

Selling, general and administrative ("SG&A") expenses totaled $9.1 million for the current quarter and $28.0 million for the nine-months ended March 31, 1992, an increase of 20% and 41% respectively, compared to the same periods last year. SG&A expenses increased primarily as a result of the higher selling and marketing expenses resulting from expansion of direct sales efforts in 10 European countries in which marketing was formerly coordinated by Schering-Plough Corporation. Selling and marketing expenses as a percentage of net sales during the nine-months ended March 31, 1992 were, and in the next few years are expected to be, higher than historical percentages due primarily to the expansion of direct sales efforts in Europe. Additional increases in SG&A expenses are due to increased administrative, legal, and related expenses incurred as a result of the Company's response to regulatory and congressional investigations and adverse publicity regarding its injectable collagen products. SG&A expenses at Target increased to support increased sales and due to an accrual of a potential loss on the sublease of its old facilities due to the relocation of Target's manufacturing facility.

The Company recognized an operating loss of $1.5 million for the current quarter, compared to operating income of $1.1 million for the same period in the prior year. The losses in the current quarter and nine-months ended March 31, 1992 are primarily due to lower gross margin, increased selling expenses resulting from expansion in Europe and increased administrative expenses associated with defending the Company's reputation regarding the safety and effectiveness of its injectable collagen products.

Other Income & Expense

The Company recorded a net gain on investments of $9.4 million in the current fiscal quarter. The gain on the investment in Target resulted from the cash received by the Company consisting of a dividend paid by Target and a sale of Target common stock held by the Company in connection with Target's initial public offering. In addition, the Company recorded approximately $800,000 for the write-down of a long-term investment.

Interest income for the quarter ended March 31, 1992 totaled $584,000 compared to $368,000 for the same period last year and $1,012,000 and $789,000 for the nine-month periods ended March 31, 1992 and 1991, respectively. The increase is primarily attributable to higher investment balances resulting from the proceeds received from Target's initial stock offering in January 1992. Interest expense was $337,000 and $788,000 for the three- and nine-months ended March 31, 1992, compared to $328,000 and $736,000 in the same respective periods in the prior year. The increase in interest expense for the quarter and year-to-date is related to the write off of $104,000 of term loan costs to interest expense as a result of the payoff of the term loan. This amount was partially offset by a reduction of interest expense due to lower interest rates and term loan balance in the current year.

Discontinued Operations

The Company recorded a one time charge of $910,000 in the quarter ended March 31, 1992 to reflect the discontinuation of Summa, the Company's in-house prescription drug business for dermatologists. This charge included a provision for the loss on disposal of $855,000 (net of $55,000 tax benefit). Summa's loss from operations in the third quarter was $114,000 (net of $28,000 tax benefit).

On December 20, 1991, the Company completed the sale of the dental implant business to Implant Innovations, Inc., of West Palm Beach, Florida. The dental business was sold for $1.0 million, consisting of a $200,000 cash payment and a $800,000 secured note. As a result of the sale, lower operating losses, and adjustments to previous accruals, the Company recorded a $520,000 gain (net of income taxes of $130,000) during the nine-month period ending March 31, 1992.

Income Taxes

The Company's effective tax rates for the three- and nine-month periods ended March 31, 1992 were 14% and 20%, respectively, as compared to 35% and 41%, respectively, for the three- and nine-month periods ended March 31, 1991. The tax rate for the quarter ended March 31, 1992 reflects the tax effects of the gain on the investment in Target.

In December 1987, the FASB issued Statement No. 96, "Accounting for Income Taxes", which established a new method of accounting for income taxes. The FASB has recently approved Statement No. 109, which supersedes Statement No. 96. The Company is required to adopt Statement No. 109 in its fiscal year ending June 30, 1994, and is currently studying the impact of adoption to its financial statements.

Liquidity and Capital Resources

At March 31, 1992, the Company's cash, cash equivalents, and short-term investments were $43.5 million compared to $16.5 million at June 30, 1991. The increase in cash, cash equivalents, and short-term investments is primarily attributable to the $41.8 million net proceeds received by Target and Collagen from Target's initial public stock offering in January 1992. This increase was partially offset by the payoff of Collagen's term loan ($12.8 million balance at June 30, 1991) and expenditures for property and equipment. At March 31, 1992, Target's cash, cash equivalents and short-term investments were $31.5 million.

In February 1992, the Company received approximately $4.0 million from the direct sale of Target stock held by the Company in connection with Target's initial public offering completed in January 1992. In addition, the Company received approximately $6.7 million from a Target cash dividend paid to Target stockholders of record as of January 15, 1992, and $1.7 million repayment of indebtedness to the Company in February 1992.

In March 1992, the Company prepaid the approximately $10.2 million remaining balance of a term loan originated in 1988 with the Bank of New York, thereby eliminating all long term bank debt from its balance sheet. The Company decided not to maintain its $5.0 million revolving line of credit with the bank, except for a $50,000 standby letter of credit.

The Company anticipates expenditures of approximately $4.5 million for property, plant and equipment in fiscal 1992, of which approximately $3.6 million was incurred in the nine-months ended March 31, 1992.

The Company's principal sources of liquidity include cash, cash equivalents and short-term investments. The Company believes that these sources should be adequate to fund its anticipated cash needs through the next twelve months. Because the level of financial resources is an important business factor, the Company may, from time to time, seek to raise additional capital through debt or equity financing.

Target Therapeutics-Initial Public Offering

In January 1992, a total of 2,587,500 shares (including 242,600 shares offered by the Company) of Target Common Stock, was sold in an initial public offering at $18 per share. After the offering, the Company continues to own approximately 52 percent, or 3.4 million shares of Target Common Stock.

Other Factors

The Company has been, from time to time, and currently is, the subject of certain legislative and regulatory investigations relating to, among other things, the safety and efficacy of its products. The Company is currently cooperating, and has always cooperated fully, with all such investigations. The Company has also been and currently is the subject of stories in the news media which have portrayed the Company negatively.

On August 16, 1991, officials from the FDA seized certain of the Company's finished goods inventory of injectable collagen products, alleging that the products were not labeled in compliance with federal regulations. In January 1992, the Company reached an agreement with the FDA and started the work necessary to release the seized inventory, valued at about $5 million. The Company completed a reconditioning plan involving the relabeling of the finished goods inventory, and, in February 1992, the Company received notice from the FDA that the seizure action was resolved. Most of the affected inventory has been released, a portion was destroyed, following satisfactory compliance with the terms of the consent decree allowing for its relabeling. These released products have been shipped to the Company's physician customers.

On October 25, 1991, the FDA convened a meeting of independent medical and scientific experts to review the alleged relationship between treatment with the Company's injectable collagen products and the onset of autoimmune diseases, in particular, polymyositis and dermatomyositis ("PM/DM"). The panel of medical and scientific experts stated there is no current evidence to support a conclusion that the use of injectable collagen causes autoimmune diseases.

The Company fully supports the FDA in its role of continually monitoring the safety of injectable bovine collagen products, and believes the discussions of these experts represent an important step in disseminating accurate information about the alleged autoimmune disease link. While the Company is confident of the safety and efficacy of its products, there can be no assurance that the investigations or negative publicity from such investigations or the news media will not result in a material adverse effect on the Company's future financial position, its results of operations or the market price of its common stock. In addition, significant adverse publicity could result in an increased number of product liability claims and/or decreased sales.

PART II. OTHER INFORMATION
COLLAGEN CORPORATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

Product Liability

The Company is involved in various legal actions arising in the course of business, the majority of which involve product liability claims. Any decision in favor of the plaintiff in any of such cases or in future cases, or substantial adverse publicity arising from any of these matters, may have a material adverse effect on the Company's future business. In addition, the Company carries a policy of product liability insurance that the Company believes is normal with respect to premiums and extent of coverage for companies similar to the Company in size serving similar markets.

The Company faces an inherent business risk of exposure to product liability claims alleging that the use of the Company's technology or products has resulted in adverse effects. Such risks will exist even with respect to those products that have received or in the future may receive regulatory approval for commercial sale. There can be no assurance that the Company will avoid significant product liability claims and attendant adverse publicity. Furthermore, there can be no assurance that present insurance coverage will be adequate or that adequate insurance coverage will remain available at acceptable costs, if at all, or that a product liability claim or recall would not adversely affect the future business or financial condition of the Company. It is possible that adverse product liability actions could negatively affect the Company's ability to obtain and maintain regulatory approval for its products.

In light of the current government investigations surrounding product safety, the Company announced in September 1991 that it will indemnify physicians against damages and legal fees arising from lawsuits brought to a jury trial alleging a link between the collagen injections and PM/DM.

Collagen's litigation record with respect to autoimmune diseases was strengthened during the quarter ended December 31, 1991, by a court order in the Company's favor in a lawsuit brought by a Chicago-area patient who claimed injectable collagen treatments caused her to develop scleroderma. Following a review of medical records and a clinical evaluation by an expert who advised that there was no causal relationship between the plaintiff's disease and treatment with injectable collagen, the plaintiff voluntarily dismissed the case without prejudice. In addition, in early February 1992, the Company received a favorable ruling in the Company's last pending alleged autoimmune disease product liability case. Of the 14 cases alleging an autoimmune disease connection, 13 have been resolved in the Company's favor, and the first case was settled in conjunction with Collagen's insurance company.

Government Investigations

In response to a request brought by an attorney and physician of the plaintiff in an unsuccessful lawsuit against the Company, the Texas Department of Health previously referred a complaint to the FDA regarding the safety and efficacy of the Company's injectable collagen implant products. The Texas Department of Health is conducting its own investigation, which has not yet been concluded. During October 1989, the Company learned that the Oversight and Investigations Subcommittee of the Energy and Commerce Committee of the U.S. House of Representatives ("Subcommittee"), was examining the safety and efficacy of injectable collagen as part of a broader investigation of the FDA. This safety issue was discussed at a September 1991 Subcommittee hearing. The Company is currently cooperating and has always cooperated fully with such investigations.

On August 16, 1991, officials from the FDA seized certain of the Company's finished goods inventory of injectable collagen products, alleging that the products were not labeled in compliance with federal regulations. The Company printed new inserts, which included other labeling changes requested by the FDA on an interim basis, and began shipping newly manufactured products with the revised labeling ten days after the seizure. In January 1992, the Company reached an agreement with the FDA and started the work necessary to release the seized inventory, valued at about $5 million. The Company completed a reconditioning plan involving the relabeling of the finished goods inventory, and, in February 1992, the Company received notice from the FDA that the seizure action was resolved. Most of the affected inventory has been released, a portion was destroyed, following satisfactory compliance with the terms of the consent decree allowing for its relabeling. These released products have been shipped to the Company's physician customers. The Company has also been and currently is the subject of stories in the news media which have portrayed the Company negatively.

In September 1991, the Company received a letter from the FDA requesting a product labeling change for its injectable collagen products to reflect a higher than expected incidence rate of PM/DM, among patients treated with collagen injections. The labeling also includes the following, "However, a causal relationship between collagen injections and the onset of the diseases has not been established". The Company will be working with the FDA to revise the physician package insert and resolve issues on these matters. There can be no assurance that the FDA will not raise other issues in the future which may adversely affect the Company's future business, or its results of operations, or that the FDA will not determine in the future that a causal relationship exists between collagen injections and PM/DM.

While the Company is confident of the safety and efficacy of its products, there can be no assurance that congressional or regulatory investigations, or negative publicity from such investigations or the news media will not result in a material adverse effect on the Company's future financial position, its results of operations or the market price of its stock. In addition, significant adverse publicity could result in an increased number of product liability claims and/or decreased sales.

Item 6. Exhibits and Reports on Form 8-K

A. Exhibits

Exhibit 11	Statement Regarding Weighted Average Common and Common Equivalent Shares Used in Computation of Per Share Income (Loss)
Exhibit 19-1	Overall Tax Allocation Agreement dated January 23, 1992, by and between Collagen Corporation and Target Therapeutics, Inc.

B. Report on Form 8-K

There were no reports on Form 8-K during the period covered by this report

EXHIBIT 11

COLLAGEN CORPORATION

Statement Regarding Weighted Average Common and Common Equivalent Shares Used in Computation of Per Share Income (Loss)

(In thousands)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	1992	1991	1992	1991
Primary:				
Common stock	9,999	9,605	9,858	8,913
Stock options	367	606	234	615
Weighted average number of common and common equivalent shares outstanding	10,366	10,211	10,092	9,528

Exhibit 19.1

OVERALL TAX ALLOCATION AGREEMENT

This Overall Tax Allocation Agreement (the "Agreement") is made as of the 23rd day of January, 1992, by and between Collagen Corporation, a Delaware corporation ("Collagen") and Target Therapeutics, Inc., a Delaware corporation ("Target").

WHEREAS, Collagen is the common parent of an affiliated group of corporations, as defined in section 1504(a) of the Internal Revenue Code of 1986, as amended (the "Code"), of which the Target is a member; and

WHEREAS, Collagen, on behalf of its affiliated group, has filed and will file consolidated federal income tax returns and certain combined tax returns for state income tax purposes; and

WHEREAS, the parties wish to provide for the allocation among them of tax liability and certain related matters;

WHEREAS, it is anticipated that Target will no longer be a member of Collagen's federal consolidated group following an anticipated initial public offering ("IPO") but will be a member of its state unitary group immediately following the IPO;

NOW, THEREFORE, in consideration of the foregoing premises and of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. DEFINITIONS.

For purposes of this Agreement, the terms set forth below shall be defined as follows:

(a) "IPO Date" shall mean the closing date of IPO.

(b) "Group" shall mean Parent (as hereinafter defined), Target and all other corporations (whether now existing or hereafter formed or acquired) that are required to (or otherwise do) join with Parent in filing a consolidated federal income tax return or a Unitary Return.

(c) "Group Tax Liability" shall mean the combined tax liability (including penalties and interest) of the Group for a given year with respect to a Unitary Return.

(d) "Member" shall mean a member of the Group.

(e) "Parent" shall mean (i) Collagen, (ii) any successor common parent corporation described in Treas. Reg. §1.1502-75(d)(2)(i)

Exhibit 19.1

or (ii), or (iii) any corporation as to which Parent (or a successor corporation described in clause (ii) hereof) is the "predecessor" within the meaning of Treas. Reg. §1.1502-1(f)(1), if such corporation acquires Collagen (or a successor corporation described in clause (ii) hereof) in a "reverse acquisition" within the meaning of Treas. Reg. §1.1502-75(d)(3).

(f) "Subsidiary" shall mean a corporation other than Parent which is a Member of the Group.

(g) "Target" shall include references to any predecessor corporation.

(h) "Unitary Return" shall mean a state, local, or foreign unitary, consolidated, or combined income, franchise, business, or net worth tax return.

2. ALLOCATION/PAYMENTS.

(a) On the IPO Date, Target shall pay to Collagen the amount to which it is entitled under the Tax Allocation Agreement between the parties effective July 1, 1989 for the periods ending June 30, 1991, attached hereto as Appendix A.

(b) One month after the IPO Date, Target shall pay to Collagen an amount to which it is entitled pursuant to the Tax Allocation agreement between the parties attached hereto as Appendix B with respect to the period that begins on July 1, 1991 and ends on the IPO Date.

(c) Except as otherwise provided in Sections 2(a) and 2(b), Target shall owe no amounts to Parent, and Parent shall owe no amounts to Target, in respect of taxes as a result of being included in the same federal income tax consolidated return or Unitary Return for any period (or portion thereof) on or prior to the IPO Date.

(d) With respect to any periods (or the portion of any period) after the IPO Date and jurisdictions where Target is included with Parent in any Unitary Return ("Post-IPO-Unitary Returns"), Target shall pay to Parent 10 days prior to the due date of any such Unitary Returns (or such earlier date as reasonably requested by Parent to fund preliminary tax payments) an amount equal to Target's hypothetical tax liability for such jurisdiction as determined on a separate company basis as if Target had been a subsidiary of Parent which, as of the day after the IPO date, had filed its own separate return in a manner consistent with the positions, policies, methods, elections, and other approaches adopted by Parent pursuant to Section 4(c) except such approaches or items (other than Section 4(c)(III) items) that are inconsistent

Exhibit 19.1

with those that are set forth on Target's separate federal income tax return with respect to such period (the "Section 4 Policies"). Appropriate adjustments to such calculations of such hypothetical amount of tax shall be made where necessary or appropriate to ensure that Target does not suffer any detriment, or realize any benefit, as a result of being included in a Unitary Return following the IPO date as compared to Target's filing a separate return after such date in accordance with the Section 4 Policies. Finally, for the purposes of the foregoing calculation with respect to the first period that begins following the IPO Date, it shall be assumed that there is a closing of the books as of the end of the IPO Date.

(e) Parent shall provide reasonable assistance to Target in making its hypothetical separate tax calculation. Target shall provide Parent with workpapers and other supporting documentation that supports Target's calculation.

3. CHANGES IN TAX LIABILITY.

(a) Parent shall be solely responsible for any additional taxes owing in respect of any (i) consolidated federal income tax return that includes Parent and Target or (ii) any Unitary Return for (and to the extent of) periods (or the portion of any period) on or prior to the IPO Date. Target shall be responsible for periods prior to Target's becoming a Member (and will control the audits for such periods).

(b) If with respect to any period (or portion of any period) after the IPO Date and jurisdictions with respect to which a Post-IPO Unitary Return is filed: (i) the Group files an amended Post-IPO Unitary Return, (ii) the Group Tax Liability or Target's tax liability is adjusted, or (iii) the Group is assessed and pays state, local or foreign taxes, then the amount of the payments required under the rules of Paragraph 2(d) shall be recomputed to give effect to such amended return, adjustment or assessment, as the case may be. Target shall then pay to Parent, or Parent shall then pay to Target, as the case may be, any difference between the amounts determined by such recomputation and the amounts previously paid, appropriately adjusted for any interest and penalties.

4. FILING OF RETURNS.

(a) Parent shall, on a timely basis, file or cause to be filed, consolidated federal income tax returns that include Target for each taxable year in which Target is permitted to be included in Parent's consolidated Federal income tax return. Target shall execute and file such consents, elections, powers of attorney and other documentation as may be required or appropriate for the proper filing of such returns or for the purpose of carrying out

Exhibit 19.1

the provisions of this Section 4. Target shall also maintain such books and records and provide such information as Parent may request in connection with the matters contemplated by this Agreement. The parties agree that Target shall be included in Parent's consolidated Federal income tax return with respect to the IPO Date and the first day of Target's separate Federal income tax year shall be the day after the IPO Date.

(b) Subject to the provisions of Section 8(b) hereof, Parent in its sole discretion may include Target with Parent in a Unitary Return (including with respect to periods (or portion of any period) following the IPO Date) as long as Parent believes in good faith it is eligible to do so. Target shall execute and file such consents, elections, powers of attorney and other documentation as may be required or appropriate for the proper filing of such returns.

(c) (I) With respect to any period during which Target is a Member, Parent shall have the right, in its sole discretion, to (i) make any elections which are employed in the filing of federal consolidated returns or Unitary Returns, including any schedules and elections and choice of methods of accounting and depreciation; (ii) determine the substance and manner in which such returns (including schedules) shall be prepared and filed, including without limitation, the substance and manner in which any item of income, gain, loss, deduction or credit shall be reported; (iii) contest, compromise, settle or otherwise control (at its own expense) any adjustment, assessment or deficiency proposed, asserted or assessed as a result of any audit, examination or other proceeding with respect to periods covered by such returns; (iv) file, prosecute, compromise or settle any claim for refund; and (v) determine whether any refunds to which the Group may be entitled shall be paid by way of refund or credit against the federal income tax liability of the Group.

(II) Target hereby irrevocably agrees that the Parent is authorized to act on Target's behalf and as the exclusive agent and attorney-in-fact of Target for all tax matters relating to taxable periods for which Target is a Member.

(III) The provisions of this Section 4(c) hereof shall apply with respect to (and to the extent of) items (e.g. the research credit of Section 41 of the Code) which will be affected by Target's being within the "controlled group of corporations" (within the meaning of Section 1563 of the Code) that includes Parent even with respect to periods for which no federal consolidated return or Unitary Return that includes both Target and Parent is filed. For periods during which Target is a part of such a controlled group, Target shall report such affected items in a manner consistent with the treatment of such affected items as

Exhibit 19.1

(b) This Agreement shall continue until terminated by either Company or FSC by written notice.

(c) This Agreement may be amended only by mutual written consent of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective and binding on and as of the day and year first written above.

TARGET THERAPEUTICS, INC.

By: ______________________
Richard Randall
Title: President

COLLAGEN INTERNATIONAL SALES CORPORATION

By: ______________________
James T. McKinkey
Title: President

Exhibit 19.1

FRANCHISE AGREEMENT

This Franchise Agreement is effective and binding upon the parties as of June 14, 1985 by and between Target Therapeutics, Inc., a United States corporation (the "Company") and Collagen International Sales Corporation, a U.S. Virgin Islands corporation ("FSC").

WHEREAS, the Company is engaged in the manufacture and sale of products in the United States (the "Products") and desires to sell Products for use consumption or disposition outside of the United States; and

WHEREAS, FSC is engaged exclusively in the business of the sale, lease, rental or other disposition outside the United States of products which have been manufactured or produced in the United States, and has filed an election to be treated as a Foreign Sales Corporation, as that term is defined in Section 922 of the Internal Revenue Code of 1986, as amended ("Code"); and

WHEREAS, the Company desires to have FSC sell and arrange for the sale of all products of the Company which constitute export property under Section 927 of the Code for direct use, consumption, or disposition outside the United States and the Commonwealth of Puerto Rico, and FSC desires to do so upon the terms and conditions hereinafter set forth;

Exhibit 19.1

NOW, THEREFORE, the parties hereby agree as follows:

1. The Company appoints FSC as its sales agent for all sales, leases, rentals or other dispositions of export property, and services which are related and subsidiary thereto and FSC accepts such appointment. The parties agree that FSC shall not be entitled to earn any income under this agreement with respect to any transaction that does not produce "foreign trading gross receipts" as defined in Section 924 of the Code. In addition, either the Company or FSC may elect, at any time, including after the close of the taxable year in which such transaction occurred, to exclude from the coverage of this Agreement any transaction otherwise covered herein. To the extent any transaction is so excluded, the commission otherwise payable pursuant to paragraph 5 hereof or the purchase price payment otherwise owed pursuant to paragraph 7 hereof shall be appropriately adjusted.

2. FSC shall be responsible for promoting sales, leases, rentals or other dispositions of export property to customers outside of the United States and the Commonwealth of Puerto Rico. The responsibilities of FSC shall be, to the extent necessary to satisfy the requirements of Sections 924(b)(1)(B) and 924(d) of the Code, to conduct the following activities outside the United States and the Commonwealth of Puerto Rico (unless FSC is a small FSC as defined in Section 922(b) of the Code, in which case FSC may

Exhibit 19.1

conduct such activities within the United States and the Commonwealth of Puerto Rico):

(a) the solicitation (other than advertising), negotiation and making of contracts for the disposition of export property;

(b) advertising and sales promotion for the disposition of export property;

(c) the processing of customer orders and arranging delivery of export property;

(d) transporting export property while such property is outside the United States and the Commonwealth of Puerto Rico;

(e) determining and transmitting a final invoice or statement of account and the receipt of payment for export property; and

(f) the assumption of credit risk with respect to payments for export property.

3. Notwithstanding the general definition of the responsibilities of FSC set forth in paragraph 2, if any of the activities delineated in paragraph 2 are conducted exclusively within the United States and the Commonwealth of Puerto Rico, then FSC shall be responsible for participating in such activity to the extent required by law or as agreed upon by FSC and the Company.

Exhibit 19.1

4. The Company grants FSC the right to purchase Products from the Company for the purpose of reselling such Products outside the United States and the Commonwealth of Puerto Rico.

5. The sales prices (if any) to be charged by the Company to FSC for Products to be resold as export property shall be such that FSC's net income earned on the resale of such export property shall be equal to the maximum amount permitted to be received by FSC under the intercompany pricing rules of Section 925 of the Code, or such lesser amount as the Company deems appropriate in light of business conditions, cash-flow requirements, and other relevant circumstances.

6. The Company grants FSC a commission on all sales, leases, rentals or other dispositions of export property and services which are related and subsidiary thereto which generate foreign trading gross receipts as defined in Section 924(a) of the Code, to the extent such transaction is not encompassed by paragraphs 4 and 5. With respect to transporting export property, the parties agree that FSC has no responsibility (and is not a Commission agent of Company for purposes of transporting export property) until the export property leaves the United States customs territory within the meaning of Treasury Regulation 1.924(e)-1(c)(3), or any successor regulation thereto.

Exhibit 19.1

7. The commission payable by the Company to FSC shall be an amount equal to the maximum amount permitted to be received by FSC under the intercompany pricing rules of Section 925 of the Code, or such lesser amount as the Company deems appropriate in light of business conditions, cash-flow requirements, and other relevant circumstances.

8. Notwithstanding anything to the contrary contained in this Agreement, if (i) Company should incur a net operating loss which could be carried back to a year for which FSC has earned income under this Agreement, (ii) there is an adjustment to the tax return of the Company which affects the amounts FSC has earned hereunder, or (iii) a similar event occurs, then, the amount which FSC is entitled to earn pursuant to this Agreement shall be adjusted as the Company deems appropriate.

9. Notwithstanding anything to the contrary contained in this Agreement, if FSC has in effect, for any taxable year, an election to be treated as a small FSC, as defined in Section 922(b) of the Code, all commissions owed to FSC by the Company pursuant to paragraph 7 above, and all purchase price payments owed to the Company by FSC pursuant to paragraph 5 above shall apply only to that $5 million of foreign trading gross receipts designated by FSC.

Exhibit 19.1

10. FSC agrees that any Products sold to it are to be exported for sale or use outside of the United States and the Commonwealth of Puerto Rico within one year after such sale, and further agrees to furnish to the Company shipping documents or other instruments showing such export.

11. All commissions owed to FSC by the Company pursuant to paragraph 7 above, and all purchase price payments owed to the Company by FSC pursuant to paragraph 5 above shall be paid in a manner determined by Company in accordance with the requirements of the Code and the Regulations thereunder, including, without limitation, any rules regarding the time in which such commission must be paid. FSC and the Company agree that unless prohibited by the Code, all amounts payable between the parties pursuant to this and other agreements may be offset so that only the net amount payable by one party to another need be paid. The Company shall maintain adequate records of all amounts payable and offsets between it and FSC.

12. (a) This Agreement shall be governed by and interpreted in accordance with the laws of the State of California.

(b) This Agreement shall continue until terminated by either Company or FSC by written notice.

(c) This Agreement may be amended only by mutual written consent of the parties hereto.

Exhibit 19.1

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective and binding on and as of the day and year first written above.

TARGET THERAPEUTICS, INC.

By: ______________________
Richard Randall

Title: President

COLLAGEN INTERNATIONAL SALES CORPORATION

By: ______________________
James T. McKinkey

Title: President

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COLLAGEN CORPORATION

Date: May 13, 1992

s/James T. McKinley
James T. McKinley
Senior Vice President and
Chief Financial Officer
(Principal Financial and Accounting Officer)

COLLAGEN CORPORATION

INDEX TO EXHIBITS

Exhibit Number		Sequentially Numbered Page
11	Statement Regarding Weighted Average Common and Common Equivalent Shares Used in Computation of Per Share Income (Loss)	19
19.1	Overall Tax Allocation Agreement dated January 23, 1992, by and between Collagen Corporation and Target Therapeutics, Inc.	20-43

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

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FORM 10-Q

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QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1992
Commission File Number 33-17877 NY

G92-2233

DARCY CORPORATION
(Exact name of registrant as specified in its charter)

Colorado	84-0925366
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
416 41st Street, Brooklyn, New York	11232
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 718-633-1879

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date -- to wit: 1,300,000 shares at May 31, 1992.

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Darcy Corporation
FORM 10-Q

Quarter Ended March 31, 1992

Part I Financial Information

Balance Sheets - March 31, 1992 and December 31, 1991 F-2

Statement of Operations for the Three Months Ended March 31, 1992 and 1991 F-3

Statement of Cash Flows for the Three Months Ended March 31, 1992 and 1991 F-4

Notes to Financial Statements F-5

Management Discussion and Analysis of Quarterly Income F-6

Part II Other Information - Items 1 to 6 F-7

Signatures F-8

Darcy Corporation
(A Development Stage Enterprise)
Balance Sheet
(Unaudited)

ASSETS

	March 31, 1992	December 31, 1991
Current Assets:		
Cash	$ 0	$ 0
Total Assets	$ 0	$ 0

LIABILITIES AND SHAREHOLDERS' EQUITY

	March 31, 1992	December 31, 1991
Current Liabilities	$ 0	$ 0
Shareholders' Equity:		
Common Stock, $.01 par value, 50,000,000 shares authorized, issued and outstanding 1,300,000 shares	13,000	13,000
Additional paid-in capital	55,307	55,307
(Deficit) accumulated during the development stage	(68,307)	(68,307)
Total Shareholders' Equity	0	0
Total Liabilities and Shareholders' Equity	$ 0	$ 0

See accompanying notes

Darcy Corporation
(A Development Stage Enterprise)
Statement of Operations
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991	Accumulated Since Inception
Revenues			
Interest	$ 0	$ 0	$ 1,250
Expenses			
General and Administrative	0	0	69,587
Net (Loss)	$ 0	$ 0	$(68,307)
Net (Loss) per share of common stock	$ 0	$ 0	
Weighted average number of common shares outstanding	1,300,000	1,300,000	

See accompanying notes

Darcy Corporation
(A Development Stage Enterprise)
Statement of Cash Flows
(Unaudited)

	Three Months Ended March 31,		Accumulated Since Inception
	1992	1991	
Operating Activities:			
Net (Loss)	$ 0	$ 0	$(68,307)
Adjustments:			
Expenses paid by issuance of common stock	-	-	8,500
Cash Used in Operating Activities	0	$ 0	$59,807
Financing Activities:			
Contribution to paid-in capital	0	0	1,150
Proceeds from issuance of stock net of offering costs	0	0	58,657
Cash Provided by Financing Activities	0	0	59,807
Increase in Cash	0	0	0
Cash, Beginning of Period	0	0	0
Cash, End of Period	0	$ 0	$ 0

Darcy Corporation
(A Development Stage Enterprise)
Notes to Financial Statements
Quarter Ended March 31, 1992

1. Basis of Presentation

The accompanying financial statements, reflect all adjustments, which in the opinion of management, are necessary for the fair presentation of the financial position and the results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the full year.

Darcy Corporation
(A Development Stage Enterprise)
Management's Discussion and Analysis of Quarterly Income Statement
Quarter Ended March 31, 1992

The Company is in the development stage and is searching to find and acquire a suitable business which the Company would operate directly or as a subsidiary corporation. Darcy Corporation had no operations except investment and business search activities.

In January 1992, the Company entered into an agreement and plan of merger with D&D Financial Corporation, a California Corporation, who through subsidiaries operates child care centers in California. Subsequently, the merger agreement was terminated by mutual consent of the parties due to a change in circumstances.

Darcy Corporation
(A Development Stage Enterprise)
Quarter Ended March 31, 1992

Part II Other Information

Item 1 Legal Proceedings - None

Item 2 Changes in Securities - None

Item 3 Defaults Upon Senior Securities - None

Item 4 Submission of Matters to a Vote of Securities Holders - None

Item 5 Other Information - None other than already referred to in the instant 10-Q.

Item 6 Exhibits and Reports on Form 8-K - None

Darcy Corporation

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Darcy Corporation

Date: June 23, 1992

By: Jeanette Jarrett

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CO-34974

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1991

H92-2233

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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For the transition period from ______ to ______

Commission File Number: 33-26362

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DIMENSION GROUP INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

59-2839130
(I.R.S. Employer Identification No.)

9942 NW Sixth Place
Plantation, Florida
(Address of principal executive offices)

33324-4906
(Zip Code)

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Registrant's telephone number, including area code: (305) 753-2626

None

SECTION

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(Former name, former address and former fiscal year if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x. No __.

8,795,500 Common Shares, $.001 par value were issued and outstanding at March 31, 1991.

DIMENSION GROUP INC.

INDEX

		Page Number
PART I.	FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Balance Sheets December 31, 1990 and March 31, 1991 (Unaudited)	3
	Statements of Operations Three Months ended March 31, 1991 and March 31, 1990 and Inception to March 31, 1991 (Unaudited)	4
	Statements of Cash Flows Three Months ended March 31, 1991 and March 31, 1990 and Inception to March 31, 1991 (Unaudited)	5
	Notes to Financial Statements (Unaudited)	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	7
PART II.	OTHER INFORMATION	8
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DIMENSION GROUP INC.
(A Development Stage Company)
Balance Sheets

ASSETS

	December 31, 1990	March 31, 1991 (Unaudited)
Current Assets		
Cash	$ -	$ -
Total current assets	-	-
Organization expense, net of accumulated amortization	92	78
TOTAL ASSETS	$ 92	$ 78

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 1990	March 31, 1991 (Unaudited)
Current Liabilities		
Accrued expenses	$ -	$ 550
Total current liabilities	-	550
Stockholders' equity		
Common stock - $.0001 par value, 50,000,000 shares authorized - 8,795,500 shares issued and outstanding	880	880
Additional paid-in capital	27,052	27,052
Deficit accumulated during the development stage	(27,840)	(28,404)
Total stockholders' equity	92	(472)
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 92	$ 78

See accompanying notes to financial statements

DIMENSION GROUP INC.
(A Development Stage Company)
Statements of Operations

	Three Months Ended March 31,		Inception (August 25, 1987) to March 31,
	1991	1990	1991
	(Unaudited)		(Unaudited)
Revenues	$ -	$ -	$ -
General and administrative expenses	564	5,356	28,404
Net (loss)	$ 564	$(5,356)	$(28,404)
Net (loss) per common share	$ -	$ -	

See accompanying notes to financial statements

DIMENSION GROUP INC.
(A Development Stage Company)
Statements of Cash Flows

	Three Months Ended March 31, 1991	Three Months Ended March 31, 1990	Inception (August 25, 1987) to March 31, 1991
	(Unaudited)		(Unaudited)
Cash flows from operating activities:			
Net loss	$(564)	$(5,356)	$(28,404)
Adjustments to reconcile net loss to net cash required by operating activities:			
Shares issued for services	-	-	4,320
Organization costs	-	-	(283)
Amortization of organization costs	14	14	205
Increase (decrease) in accrued expenses	550	(87)	550
Net cash required by operating activities	-	(5,429)	(23,612)
Cash flows from financing activities:			
Sales of common stock for cash	-	-	21,250
Sale of units to the public	-	-	37,525
Registration costs paid	-	-	(35,163)
Net cash provided by financing activities	-	-	23,612
Net increase (decrease) in cash	-	(5,429)	-
Cash, beginning of period	-	8,685	-
Cash, end of period	$ -	$ 3,256	$ -
Financing activities, non-cash flows:			
Common stock issued in exchange for consulting services (registration costs)	$ -	$ -	$ 1,818

See accompanying notes to financial statements

DIMENSION GROUP INC.
(A Development Stage Company)
Notes To Financial Statements
(Unaudited)

1. FINANCIAL STATEMENTS

The balance sheet as of March 31, 1991, and the statements of operations and cash flows for the three months ended March 31, 1991 and 1990 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which included only normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows as of March 31, 1991 and for all periods presented have been made. The results of operations are not necessarily indicative of the results to be expected for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. It is suggested that these financial statements be read in conjunction with the financial statements and notes thereto included in the annual Form 10K filed with the Securities and Exchange Commission for the year ended December 31, 1990.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Planned principal operations of the Company have not commenced, and it has had no revenues, earnings or history of operations. The Company's activities, since inception, have consisted of: conceptualizing a projected plan for the Company's business, filing necessary incorporation and organization documents and obtaining minimal financing to support its activities. See "Proposed Business." In June 1975, the Financial Accounting Standards Board, in its Statement No. 7, set forth guidelines for identifying an enterprise in the development stage and the standards of financial accounting and reporting applicable to such an enterprise. In the opinion of the Company, its activities since its inception in August 1987, fall within the referenced guidelines. Accordingly, the Company has reported its activities in accordance with the aforesaid Statement of Financial Accounting Standards No. 7.

Financing of the Company's activities has been provided from the private sale of its Common Stock for cash and a subsequent public offering of 12,500 Units for $37,500 in cash with net proceeds to the Company of $544. At March 31, 1991, the Company had no cash.

There are no material commitments for capital expenditures or long term credit arrangements. The Company's ability to commence and continue operations, as well as its future liquidity condition and capital resources position, are all dependent upon the Company's ability to develop a specific plan of operations, including the acquisition or establishment of a business and/or subsidiary, and to commence and ultimately achieve profitable operations.

The future exercise of the Warrants included in the Units which were sold in connection with the Company's initial public offering, as to which there can be no assurance whatsoever, is a material element in the potential of the Company. Unless a substantial number of Warrants are exercised in the future, the value of the Company will be minimal. Furthermore, unless an economically attractive business combination or business opportunity becomes available to the Company, it is not likely that Warrants will be exercised.

DIMENSION GROUP INC.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings: None

Item 2. Changes in Securities: None

Item 3. Defaults Upon Senior Securities: None

Item 4. Submission of Matters to a Vote of Security Holders:

None

Item 5. Other Information: None

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits - None

(b) During the quarter ended March 31, 1991, no reports were filed on Form 8-K.

DIMENSION GROUP INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DIMENSION GROUP INC.
(Registrant)

Dated: June 4, 1992

Robert Harris Pres
ROBERT HARRIS, President, Treasurer,
Principal Accounting and Financial Officer,
Chief Executive Officer and Director

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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549
Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 CR 14 (d) OF THE SECURITIES EXCHANGE ACT OF 1937

For Quarter ended March 31, 1992 Commission File Number 0-4939

Electric M & R Inc.
(exact name of registrant as specified in its charter)

Delaware (State of other jurisdiction of incorporation or organization)	25-1197808 (IRS Employer Identification No.)
2025 Milford Drive, P. O. Box 326 Bethel Park, PA Pennsylvania (Address of principal executive offices)	15102 Zip Code
Registrant's telephone number	412-831-6101

"Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days."

YES X NO ___

COMMON STOCK $1.00 PAR VALUE
Title of Class

"Registrant has one class of common stock and as of March 31, 1992, the close of the period covered by this report, 734,787 shares were outstanding."

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ELECTRIC M & R INC.
BALANCE SHEET

ASSETS	March 31, 1992	Dec. 31, 1991
Current Assets		
Cash and Cash Equivalents	$ 29,372	$ 9,898
Accounts Receivable-Net Allowance for Doubtful Accounts of $9,000	414,094	246,489
Inventories-See Note B	838,474	838,474
Note Receivable-Current	-0-	-0-
Other Current Assets	18,245	15.025
	$ 1,300,185	$ 1,109,886
Property, Plant and Equipment		
Land	21,284	21,284
Buildings	594,344	594,344
Machinery and Equipment	1,256,807	1,254,202
Furniture and Fixtures	165,001	165,001
	$ 2,037,436	$ 2,034,831
Less: Accumulated Depreciation	(1,849,955)	(1,842,680)
	$ 187,481	192,151
Other Assets		
Advances to Shareholder	$ -0-	$ -0-
Note Receivable-Long Term	-0-	-0-
Assets Held for Resale	811,373	812,873
	$ 811,373	812,873
	$ 2,299,039	$ 2,113,410
LIABILITIES AND SHAREHOLDERS' EQUITY		
Notes Payable-Related Parties	$ 1,239,744	$ 1,234,744
Notes Payable-Other	-0-	-0-
Accounts Payable	373,477	253,186
Accrued Expenses:		
Salaries,Wages,Vacations & Taxes	37,456	21,616
Interest-Related Parties	1,313,856	1,295,658
Other-Land Deposit	109,000	109.000
	$ 3,073,533	2,914,204
LONG TERM LIABILITIES		
Long Term Debt	$ -0-	$ -0-
SHAREHOLDERS' EQUITY (DEFICIT)		
Common Stock,$1.00 Par Value; 2,000,000 Shares Authorized; 734,783 Shares Issued & Outstanding	734,784	734,787
Additional Paid In Capital	1,486,440	1,486,440
Accumulated Deficit	(2,995,718)	(3,022,021)
	(774,494)	(800,794)
	$ 2,299,039	$ 2,113,410

A. SUMMARIZED FINANCIAL INFORMATION

Profit and Loss Information For the 3 months ended March 31,

	1992	1991
REVENUES		
Net Sales-Manufacturing	$ 852,505	$ 579,862
Net Sales-Real Estate	-0-	-0-
Other Income	4,787	63,356
	$ 857,292	$ 643,218
COST AND EXPENSES		
Cost of Products Sold Manufacturing	$ 644,891	$ 472,101
Cost of Real Estate Sold	-0-	-0-
Selling,General and Administrative	160,297	137,573
Interest Expense	25,800	30,220
Total Costs and Expenses	$ 830,988	$ 639,894
NET INCOME & (LOSS)	$ 26,304	$ 3,324
NET LOSS PER SHARE OF COMMON STOCK (based on 734,784 and 734,788 shares of common stock outstanding	$ .04	$ .00

ELECTRIC M & R INC.
STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH

	FOR THE THREE MONTHS ENDED MARCH 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	$689,687	$705,564
Cash Paid to Suppliers and Employees	(665,002)	(642,241)
Interest Received	-0-	5,913
Interest Paid	(7,606)	(12,687)
Net Cash Provided (Used) by Operating Activities	$ 17,079	$ 56,549
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for Capital Expenditures	(2,605)	(7,872)
Net Cash Used by Investing Activities	$(2,605)	(7,872)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Additional Borrowings	$ 50,000	$ -0-
Principal Payments on Notes Payable	(45,000)	(42,933)
Net Cash Provided (Used) by Financing Activities	$ 5,000	$ (42,933)
Net Increase (Decrease) in Cash and Cash Equivalents	$ 19,474	$ 5,744
Cash and Cash Equivalents at Beginning of Period	9,898	7,113
Cash and Cash Equivalents at End of Period:	$ 29,372	$ 12,857

RECONCILIATION OF NET LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

	1992	1991
Net Income & (Loss)	$ 26,300	$ 3,324
Adjustments to Reconcile Net Loss to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in:		
Accounts Receivable	(167,605)	(71,741)
Notes Receivable	-0-	135,483
Other Current Assets	(3,220)	(8,761)
Increase (Decrease) in:		
Accounts Payable	120,291	(27,168)
Accrued Expenses	34,038	16,712
Depreciation Expense	7,275	8,700
Net Cash Provided (Used) by Operating Activities	$ 17,079	56,549

ELECTRIC M & R INC.

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 1992

NOTE A - PROFIT (LOSS) PER SHARE OF COMMON STOCK

Per Share data for the three months ended March 31, 1992 and 1991 are based upon the weighted average number of shares which were 734,787 and 734,787, respectively.

NOTE B - INVENTORIES

Inventory amounts at March 31, 1992 are approximately as follows:

- Raw Materials	348,129
- Work in Progress	248,356
- Finished Goods	241,989
	838,474

ELECTRIC M & R INC.

MANAGEMENT'S STATEMENT REGARDING SUMMARY OF OPERATIONS

Sales of manufacturing goods for the first three months of 1992 were $857,292 compared to $643,218 for the same period of 1991. This was an increase of $214,074 in our sales volume.

The results for the first three months of 1992 were a gain of $26,304 compared to $3,324 for the same period of 1991.

ITEMS REQUIRING THE FILING OF FORM 8-K

No event occurred that required the registrant to file Form 8-K during the fiscal quarter covered by this report.

SALES OF UNREGISTERED SECURITIES

Registrant has not sold any unregistered securities during the fiscal quarter covered by this report.

OTHER INFORMATION

All other items are inapplicable for the period of this reporting period.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1937, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: May 15, 1992

ELECTRIC M & R INC.
Registrant

Gretchen Oswald
President

Ruthann Kubina

Ruthann Kubina
Treasurer

Commission File #0-4939

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022479 — 0-35229

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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JUL 17 1992

FORM 10-Q

Quarterly Report Under Section 13
of the Securities Exchange Act

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

For the Quarter Ended May 31, 1992

Commission File No. 0-16354

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EXTEN INDUSTRIES, INC.
(Exact name of Registrant as specified in its charter)

Incorporated under the Laws of the State of Delaware	52-1412493
(State of other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1660 Hotel Circle North, Suite 718, San Diego, California 92108
(Address of principal executive offices)

(619) 294-8001
(Registrant's telephone number, including area code)

EXTEN VENTURES, INC.
(Former name, former address, and former fiscal year, if changed since last report)

Common Stock Outstanding at May 31, 1992:
20,777,420 Shares of $0.01 Par Value Common Stock

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ______

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EXTEN INDUSTRIES, INC.

FORM 10-Q

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EXTEN INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS

	May 31, 1992 (Unaudited)	November 30, 1991
ASSETS		
CURRENT ASSETS:		
Cash	$ 26,836	$ 14,758
Accounts Receivable	267,846	389,680
Non-Cash Receivable	23,500	23,500
Notes Receivable	650,140	654,000
Loan Receivable-Stockholder	6,286	6,286
Stock of Client Companies	204,840	204,840
Unrealized Loss on Stock	(112,500)	(112,500)
Inventory	344,125	344,125
Prepaid Expenses	7,129	5,206
Current Portion of Long-Term Notes Receivable	179,342	179,345
Other Current Assets	740	190
Total Current Assets	1,598,284	1,709,430
FIXED ASSETS:		
Property and Equipment	1,231,568	1,231,568
Accumulated Depreciation	(62,742)	(49,426)
Total Fixed Assets	1,168,826	1,182,142
OTHER ASSETS:		
Long-Term Notes Receivable Less Current Portion	2,791,364	2,880,218
Investments	1,887,500	3,708,857
Deposits	11,898	11,898
Deferred Charges	10,333	11,833
Other	9,000	9,000
Total Other Assets	4,710,095	6,621,806
TOTAL ASSETS	$7,477,205	$9,513,378

See accompanying notes to financial statements.

EXTEN INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(continued)

	May 31, 1992 (Unaudited)	November 30, 1991
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	$ 389,652	$ 449,108
Accrued Expenses	106,587	89,909
Income Taxes Payable	(2,198)	800
Loans Payable - Stockholder	60,864	59,364
Loans Payable	279,853	279,805
Current Portion of Long-Term Debt	284,938	284,938
Current Portion of Negative Goodwill	--	535,441
Other Current Liabilities	18,403	17,784
Total Current Liabilities	1,138,099	1,717,149
LONG-TERM DEBT		
Notes Payable, less current portion	3,453,726	3,551,801
Negative Goodwill, less current portion	--	1,383,225
TOTAL LIABILITIES	4,591,825	4,935,026

EXTEN INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(continued)

	May 31, 1992 (Unaudited)	November 30, 1991
STOCKHOLDERS' EQUITY:		
Common Stock, $0.01 par value; 50,000,000 shares authorized; 20,777,420 and 13,192,368 shares issued and outstanding at May 31, 1992, and November 30, 1991	207,774	131,924
Preferred Stock - $.01 par, 1,000,000 shares authorized		
Series B - 28,125 issued and outstanding at May 31, 1992, and November 30, 1991	281	281
Series C - 376 shares issued and outstanding at May 31, 1992 and at November 30, 1991	4	4
Series D - 300 and 600 shares outstanding at May 31, 1992, and November 30, 1991	3	6
Series E - 170 shares issued and outstanding at May 31, 1992	17,000	--
Paid-In-Capital	4,318,012	4,304,621
Retained Deficit	(1,657,688)	(1,575,633)
Total Stockholders' Equity	2,885,380	2,861,203
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	$7,477,205	$9,513,378

See accompanying notes to financial statements.

EXTEN INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

	Six Months Ended May 31,		Three Months Ended May 31,	
	1992	1991	1992	1991
INCOME:				
Net Sales	$351,256	$521,112	$190,843	$251,858
Professional Fees (Cash)	24,303	5,345	2,303	(490)
Interest Income	138,045	144,521	68,839	72,140
Rental Income	37,200	39,969	18,600	20,494
Other Income	141,231	501	7,371	--
Total Income	692,035	711,448	287,956	344,002
Cost of Sales	252,560	495,388	154,937	255,692
Gross Profit	439,475	216,060	133,019	88,310
COSTS AND EXPENSES:				
Selling, General, and Administrative	263,417	291,219	137,940	148,504
Advertising	6,600	(471)	6,371	(2,042)
Consulting	37,500	390	22,500	(124)
Depreciation	9,600	8,754	4,800	4,040
Interest	186,876	203,694	90,705	101,392
Rental Expense	12,347	8,369	12,347	2,694
Other Expense	--	6,060	--	--
Total Costs and Expenses	516,340	518,015	274,663	254,464
Income (Loss) from Operations	(76,865)	(301,955)	(141,644)	(166,154)
OTHER INCOME (EXPENSES):				
Sale of Leasehold Interest	--	250,000	--	--
Equity in Loss of Pacific International Indemnity, Ltd.	(2,503)	--	--	--
Income (Loss) Before Income Taxes	(79,368)	(51,955)	(141,644)	203,071
Provision for Income Taxes	(2,687)	--	(2,687)	--
Net Income (Loss) $	(82,055)	(51,955)	(144,331)	(166,154)
Income (Loss Per Share)	$ (.004)	$ (.001)	$(.007)	$(.018)

EXTEN INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended May 31,	
	1992	1991
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ (82,058)	$ (51,995)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (Used by) Operating Activities:		
Depreciation	13,316	8,754
Common Stock Issued for Services	7,500	--
(Increase) Decrease In:		
Accounts Receivable	121,834	80,413
Prepaid Expenses	(1,923)	(31,117)
Other Assets	950	1,207
Inventory	0	(71,709)
Increase (Decrease) In:		
Accounts Payable	59,456	184,875
Accrued Expenses	16,678	22,110
Loan Payable to Stockholder	1,500	(11,900)
Other Current Liabilities	(534,822)	9,061
Income Taxes Payable	(2,998)	(15,361)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(519,479)	124,378
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease in Investments	1,821,357	5,560
Payments on LT Notes Receivable	92,714	78,818
Property & Equipment Additions	--	(152,814)
NET CASH FROM INVESTING ACTIVITIES	1,914,071	(318,436)
CASH FLOW FROM FINANCING ACTIVITIES		
Common Stock Issued	75,100	(52,000)
Preferred Stock Issued	16,997	6
Increase in Paid-In-Capital	6,641	112,731
Effect of Pooling of Interest	(28,869)	(28,869)
Increase (Decrease) in Long-Term Debt	--	(96,315)
Increase in Loans Payable	48	254,464
NET CASH PROVIDED BY FINANCING ACTIVITIES	(1,382,514)	190,017
NET (DECREASE) IN CASH	12,078	(4,041)
CASH AT BEGINNING OF PERIOD	14,758	19,560
CASH AT END OF PERIOD	$ 26,836	$ 15,519

EXTEN INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MAY 31, 1991

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to the Form 10-Q and Note 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals considered necessary for a fair presentation) have been included. Operating results for the interim period ended May 31, 1992 are not necessarily indicative of the results that may be expected for the year ended November 30, 1992.

The consolidated financial statements include the accounts of Exten Industries, Inc. and its wholly-owned subsidiary, ADC Industries Corporation. Intercompany balances and transactions are eliminated in consolidation.

The operations of ADC (acquired as of November 30, 1990, and which had formerly adopted a September 30 fiscal year end), for the months of October and November, 1990 are not included in the results of operations for the quarters ended May 31, 1991. The effect of those month's loss on retained earnings is shown as "Effect of Pooling of Interests" on the Statement of Cash Flows.

NOTE B - COMPUTATION OF INCOME PER SHARE

Income (Loss) per share was computed by dividing net income (loss) by the weighted average number common shares and common stock equivalents during each period as follows:

	Three Months Ended May 31		Six Months Ended May 31	
Period	1992	1991	1992	1991
Weighted Average Number of Shares Outstanding	20,308,399	9,473,520	22,002,443	9,232.040

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

The consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading.

In the opinion of the Company, all adjustments, consisting of only normal recurring adjustments, necessary to present fairly the financial position of the Company as of May 31, 1992, have been made. The result of operations for such interim period is not necessarily indicative of the results to be expected for the entire year.

P. Robert Wilkinson, the Company's auditor, has performed a limited review of the financial information included herein. His report on such review accompanies this filing.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company's operations consist of (1) Merchant Banking activities providing corporate financial consulting services (Exten), (2) industrial, high-precision metal manufacturing (ADC), and (3) biotech research (Ascot).

Results from Operations

For the three months ended May 31, 1991, the Company's sales decreased $61,015 (24%) compared to the same period last year. ADC's sales for the quarter continue to be affected by the recession as their customers, primarily manufacturers of storage and fuel tanks, delayed placing orders. Exten Industries reported no open contracts for the period. Management believes that the lack of consulting income was primarily due to management's continued attention to the integration of ADC and expects revenues to return to normal in the third and fourth quarter.

(continued)

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(continued)

Results from Operations (continued)
Revenues and Cost of Goods Sold for the Company were a result of operations from ADC Industries. Gross profit has increased from (2%) to 19% for the same period last year due to streamlining production due to lower sales volume. Of the Selling, General and Administrative expenses, $136,306 is attributed to Exten Industries operations which represents 52% of all Selling, General, and Administrative expenses; ADC's portion of these expenses amounts to $127,111 (48%). This includes $12,500 in payments for a covenant not to compete for this three month period. Advertising and consulting expenses were incurred by Exten Industries with ADC contributing no part of this. Of the $6,658 amount depreciated, $1,956 is a result of ADC Industries' operations. Interest expense has decreased due to a decrease in outstanding long-term debt. Other income is an insurance settlement attributable to ADC. Salaries and Wages are included in the Selling, General, and Administrative costs for the Company.

Liquidity and Capital Resources

During the fiscal second quarter of 1992, the Company's cash requirements were met through lowering trade accounts receivable and raising trade accounts payable and sales of common stock as evidenced in the Statement of Cash Flows. This is reflective of the current recession; as a result, ADC experienced a slower collection rate on its receivables and deferred payment on trade accounts. Management believes that this problem will correct itself with the end of the recession.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

No material proceedings.

Item 2. Changes in the Rights of the Company's Security Holders

None.

Item 3. Defaults by the Company on its Senior Securities

None.

Item 4. Results of Votes of Security Holders

None.

Item 5. Other Information

None.

Item 6(a)
Exhibits

None.

Item 6(b)
Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report be signed on its behalf by the undersigned thereunto duly authorized.

EXTEN INDUSTRIES, INC.

Date: July 14, 1992

By:____________________
Allen A. Ormiston
President

Date: July 14, 1992

By:____________________
Betty N. Myers
Assistant Secretary

EXTEN
INDUSTRIES, INC.

July 14, 1992

[illegible]
JUL 15 1992

File Desk
Securities & Exchange Commission
450 5th Street, N.W.
Washington DC 20549

Federal Express
Airbill #4210001493

Attn: File Desk

I have enclosed eight copies of Exten's May 31, 1992 10-Q, three manually signed and 5 conformed copies, for filing.

Also enclosed is a duplicate of this letter along with a return envelope. Please sign, date and return it to Exten for our files.

Sincerely,
EXTEN INDUSTRIES, INC.

Edward F. Myers
Chairman

EFM/sm
enclosures

1660 Hotel Circle North, #718, San Diego, California 92108
Telephone 619/294-8001
Telecopier (619) 296-8475

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 2-27985

1st Franklin Financial Corporation
A Georgia Corporation I.R.S. Employer No. 58-0521233
213 East Tugalo Street
Post Office Box 880
Toccoa, Georgia 30577
(404) 886-7571

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 1992
Common Stock, par value $100 per share	1,700 shares

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

The following financial statements required hereunder are incorporated by reference from the Company's Quarterly Report to Investors for the Three Months Ended March 31, 1992. See Exhibit 20.1

Consolidated Statements of Financial Position:
March 31, 1992 and December 31, 1991
Consolidated Statements of Income:
Quarters Ended March 31, 1992 and 1991
Consolidated Statements of Cash Flows:
Quarters Ended March 31, 1992 and 1991
Notes to Consolidated Financial Statements

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required hereunder is set forth under "Management's Letter" of the Company's Quarterly Report to Investors for the Three Months Ended March 31, 1992. See Exhibit 20.1

PART II. OTHER INFORMATION

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

20.1 Quarterly Report to Investors for the Three Months Ended March 31, 1992.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

1st FRANKLIN FINANCIAL CORPORATION
Registrant
BEN F. CHEEK, III

Ben F. Cheek, III
Chairman of Board
A. ROGER GUIMOND

A. Roger Guimond
Principal Financial Officer and
Principal Accounting Officer

Date: May 14, 1992

*** A05 ***

1st FRANKLIN FINANCIAL CORPORATION
INDEX TO EXHIBITS

Exhibit No.		Page No.
20.1	Quarterly Report to Investors for the Three Months Ended March 31, 1992	4

Exhibit 20.1

1st
FRANKLIN
FINANCIAL
CORPORATION
QUARTERLY
REPORT TO INVESTORS
FOR THE
THREE MONTHS ENDED
MARCH 31, 1992

MANAGEMENT'S LETTER

TO OUR INVESTORS:

A decline in consumer loan demand and an increase in liquidations on loans outstanding caused the Company's net receivables (gross receivables less unearned finance charges) to decrease $816,255 (1%) during the first quarter of 1992. Net receivables were $77,966,429 at March 31, 1992 down from $78,782,684 at December 31, 1991. Although net receivables decreased, loan volume was approximately $3,400,000 (16%) higher during the quarter just ended as compared to the same period in 1991.

The Company continued its expansion into Alabama with the opening of 4 new offices during the quarter just ended. This now brings the number of operational offices to 6 in Alabama, 78 in Georgia and 5 in South Carolina.

Average net receivables were $7,261,499 (10%) higher during the quarter just ended as compared to the same quarter a year ago resulting in a $557,278 (11%) increase in interest income. This increase in interest income was the primary factor in the corresponding $647,063 (16%) increase in the Company's net interest income (the margin between the amount the Company earns on loans and investments and the amount the Company pays on securities and other borrowings) during the quarter ended March 31, 1992 as compared to the same period a year ago. Also contributing to the increase in the interest margin was a decrease in the Company's cost of funds due to lower prevailing market rates. Average borrowing cost for the Company decreased to 7.37% during the quarter just ended as compared to 8.59% during the same quarter in 1991. Although overall borrowings increased, the decrease in average borrowing cost allowed the Company to decrease its cost of funds $89,785 (8%) during the comparable periods.

Net charge-offs decreased $175,340 (21%) during the quarter just ended as compared to the same period a year ago. This decrease in net charge-offs led to the $109,103 (30%) decrease in Provision for Loan Losses during the quarter ended March 31, 1992 as compared to the same quarter in 1991.

Cost-of-living and merit salary raises and increased personnel due to new office openings caused personnel expense to increase $130,417 or (5%) during the quarter ended March 31, 1992 as compared to the same quarter a year ago. A decrease in claims of the Company's self-insured group medical plan during the quarter helped offset a majority of the increases in personnel expense.

The Company continued to convert its branch operations to the new enhanced version of computer software and hardware which was begun in 1991. A total of 58 branch offices (65%) have been converted as of March 31, 1992. Increases in depreciation expense related to purchases of fixed assets and increases in computer expenses due to the conversion were primarily responsible for the $135,395 (26%) increase in Occupancy Expense and the $201,796 (18%) increase in Other Operating Expenses during the quarter just ended as compared to the same quarter in 1991. New office openings also contributed to the increase in Occupancy Expense during the quarter just ended.

Effective income tax rates were 29.6% and 27.6% for the quarters ended March 31, 1992 and 1991, respectively. Certain tax benefits provided by law to life insurance companies substantially reduce the life insurance subsidiary's effective tax rate and thus decreases the Company's overall tax rate below statutory rates. The rates increased during the quarter just ended due to the Parent Company and the property insurance subsidiary, which are taxed at higher rates, earning a larger share of the pretax income as compared to the same period a year ago.

Liquidity requirements of the Company are financed through the collection of receivables and through the issuance of public debt securities. Net cash flows from financing activities, excluding bank borrowings, increased $4,240,473 during the first quarter of 1992 as compared to the same period a year ago and collections on loans increased $2,355,387 over the same period. In addition to the securities program, the Company has two external sources of funds through the use of two Credit Agreements. One agreement provides for available borrowings of $21,000,000. Available borrowings were $13,905,000 and $9,852,000 at March 31, 1992 and

(REMAINDER OF PRECEDING PAGE)

December 1991, respectively, relating to this agreement. Another agreement provides for an additional $1,500,000 ($1,000,000 prior to March 23, 1992) for general operating purposes. Available borrowings under this agreement were $1,082,293 and $627,817 at March 31, 1992 and December 31, 1991, respectively. The percentage of outstanding receivables 60 days or more past due decreased to 5.7% of receivables at March 31, 1992 from 6.0% of receivables at December 31, 1991.

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 1992 (Unaudited)	December 31, 1991 (Audited)
ASSETS		
CASH AND CASH EQUIVALENTS	$ 8,002,140	$ 7,413,372
LOANS, net.	70,198,705	70,747,634
MARKETABLE DEBT AND EQUITY SECURITIES . .	6,185,041	6,044,790
OTHER ASSETS.	5,796,876	5,697,683
TOTAL ASSETS	$90,182,762	$89,903,479
	===========	===========
LIABILITIES AND STOCKHOLDER'S EQUITY		
SENIOR DEBT	$34,508,816	$34,110,992
OTHER LIABILITIES	6,369,273	7,408,160
SUBORDINATED DEBT	22,003,483	22,245,523
Total Liabilities.	62,881,572	63,764,675
STOCKHOLDER'S EQUITY:		
Common Stock.	170,000	170,000
Retained Earnings	27,131,190	25,968,804
	27,301,190	26,138,804
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY.	$90,182,762	$89,903,479
	===========	===========

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

	QUARTER ENDED March 31 (Unaudited)	
	1992	1991
INTEREST INCOME.	$ 5,702,744	$ 5,145,466
INTEREST EXPENSE	1,090,542	1,180,327
NET INTEREST INCOME.	4,612,202	3,965,139
Provision for Loan Losses.	255,035	364,138
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES.	4,357,167	3,601,001
NET INSURANCE INCOME	1,925,596	1,842,209
OTHER REVENUE.	47,091	52,450
OTHER EXPENSES:		
Personnel Expense.	2,694,366	2,563,949
Occupancy.	660,836	525,441
Other.	1,324,269	1,122,473
Total.	4,679,471	4,211,863
INCOME BEFORE INCOME TAXES	1,650,383	1,283,797
Provision for Income Taxes	487,997	354,693
NET INCOME	$ 1,162,386	$ 929,104
	===========	===========

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1st FRANKLIN FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Increase in Cash and Cash Equivalents

	QUARTER ENDED March 31 (Unaudited) 1992	 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income.	$ 1,162,386	$ 929,104
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for Loan Losses	255,035	364,138
Depreciation and Amortization	138,803	102,743
Other, net.	(65,834)	14,547
(Increase) Decrease in Miscellaneous assets	(52,320)	128,338
(Decrease) in Accounts Payable and Accrued Expenses.	(1,038,887)	(357,865)
Net Cash Provided by Operating Activities . . .	399,183	1,181,005
CASH FLOWS FROM INVESTING ACTIVITIES:		
Loans originated or purchased	(13,264,836)	(11,821,251)
Loan payments	13,558,730	11,203,343
Purchases of marketable securities.	(288,281)	(1,054,221)
Sales of marketable securities.	--	824,020
Redemptions of Securities	200,000	490,000
Principal Payments on Securities.	6,152	3,382
Other, net.	(177,964)	(31,614)
Net Cash Used in Investing Activities	33,801	(386,341)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in Senior Debt	397,824	138,763
Subordinated Debt issued.	949,471	1,238,423
Subordinated Debt redeemed.	(1,191,511)	(977,824)
Net Cash Provided by Financing Activities . . .	155,784	399,362
NET INCREASE IN CASH AND CASH EQUIVALENTS	588,768	1,194,026
CASH AND CASH EQUIVALENTS, beginning.	7,413,372	6,273,806
CASH AND CASH EQUIVALENTS, ending	$ 8,002,140 ===========	$ 7,467,832 ===========
Cash paid during the quarter for: Interest	$ 1,275,906	$ 918,055
Income Taxes . . .	80,000	--

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

-NOTES-

1. The accompanying interim financial information of 1st Franklin Financial Corporation and subsidiaries (the Company) should be read in conjunction with the annual financial statements and notes thereto as of December 31, 1991 and for the years then ended included in the Company's December 31, 1991 Annual Report. The Company is a wholly owned subsidiary of 1st Franklin Corporation and therefore earnings per share is not shown.
2. In the opinion of Management of the Company, the accompanying consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the Company's financial position as of March 31, 1992, and December 31, 1991, and the results of its operations and its cash flows for the three months ended March 31, 1992 and 1991. While certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, the Company believes that the disclosures herein are adequate to make the information presented not misleading.
3. The results of operations for the three months ended March 31, 1992, are not necessarily indicative of the results to be expected for the full fiscal year.

BRANCH OPERATIONS

Jarrell Coffee . . . . Vice President
Jack Coker . . . . Vice President
Isabel Vickery . . . . Vice President

SUPERVISORS

Robert Canfield
Donald Carter
Mike Culpepper
Jimmy Davis
Donald Floyd
Jack Hobgood
Bill Giles

Judy Landon
Tommy Lennon
Ronnie Morrow
Melvin Osley
Bob Seawright
Gaines Snow

OFFICES

Alabama Offices:
Athens
Arab
Clanton
Eufaula
Prattville
Sylacauga

Georgia Offices:

Adel
Albany
Alma
Americus
Athens
Barnesville
Baxley
Blue Ridge
Bremen
Brunswick
Buford
Butler
Calhoun
Canton
Carrollton
Cartersville
Cedartown
Centerville
Chatsworth
Clarkesville
Claxton
Clayton

Georgia Offices:
Cleveland
Cochran
Commerce
Conyers
Cordele
Cornelia
Covington
Cumming
Dallas
Douglas
Douglasville
Eastman
Elberton
Ellijay
Fort Valley
Gainesville
Garden City
Griffin
Hartwell
Hawkinsville
Hazlehurst
Hinesville
Hogansville
Jackson
Jasper
Jefferson
Jesup
Lavonia
Lawrenceville
Madison
Manchester

Georgia Offices:
McDonough
McRae
Milledgeville
Monroe
Montezuma
Monticello
Moultrie
Nashville
Newnan
Perry
Royston
Savannah
Statesboro
Swainsboro
Sylvania
Sylvester
Thomaston
Thomson
Tifton
Toccoa
Valdosta
Vidalia
Washington
Winder

South Carolina Offices:
Anderson
Clemson
Easley
Laurens
Seneca

DIRECTORS

W. Richard Acree
President, Acree Oil Company
Ben F. Cheek, III
Chairman and Chief Executive Officer
1st Franklin Financial Corporation
Lorene M. Cheek
Homemaker
Jack D. Stovall
President, Stovall Building Supplies, Inc.
Dr. Robert E. Thompson
Physician, Toccoa Clinic

EXECUTIVE OFFICERS

Ben F. Cheek, III
Chairman and Chief Executive Officer
T. Bruce Childs
President and Chief Operating Officer
A. Roger Guimond
Chief Financial Officer and Chief Accounting Officer
Lynn E. Cox
Secretary
Linda L. Sessa
Treasurer

INVESTMENT CENTER

Lynn Evans Cox
Account Executive
Phoebe P. Martin
Account Executive
Sandra N. Oliver
New Accounts

COUNSEL

Jones, Day, Reavis & Pogue
3300 First Atlanta Tower
Atlanta, Georgia 30383

AUDITORS

Arthur Andersen & Co.
133 Peachtree Street, N.E.
Atlanta, Georgia 30303

① 34977

② 4040

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92-2237

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

PROCESSED BY

MAR 24 1992

For Quarter Ended March 30, 1991 Commission file Number 0-8128 → 7/1

FREMONT ENERGY CORPORATION

(Exact name of registrant as spe[illegible]er)

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Q-Data Corp. - St. Petersburg, FL

1 + 7 = F

92080826

UTAH 83-6002983

(State or other Jurisdiction of (I.R.S. Employer
incorporation or organization) Identification no.)

3690 Norwood Drive
Littleton, Colorado 80125

(Address of principal executive offices) (Zip Code)

303-791-7407

(Registrant's Telephone number Including area code.)

655 Broadway Suite 1050
Denver, Colorado 80203

(Former address and principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 10 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ________

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the close of the period covered by this report.

As of December 31, 1990,- 34,152,576 shares of Common Stock were outstanding.

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FREMONT ENERGY CORPORATION

FORM 10-Q

INDEX

PART I FINANCIAL INFORMATION PAGE NO.

Item 1 - Financial Information

Consolidated Statements of income for the 3 Months ended March 31, 1991 3

Consolidated Statement of Changes in Financial Position for the Period From January 1, 1989 to March 1, 1991 4

PART II Other information 5

FREMONT ENERGY CORPORATION

STATEMENT OF OPERATIONS
For the year ended March 31, 1991 and 1990

	1991	1990
REVENUES		
OIL AND GAS	$308	$7,418
OTHER INCOME	$622	$2,234
SALE OF ASSETS	$6	$925
RENTAL INCOME	$408	$1,385
TOTAL REVENUES	$1,344	$11,962
COSTS AND EXPENSES		
LEASE OPERATING	$0	$49,360
SALARIES	$74,400	
RENT	$2,064	$4,236
OFFICE EXPENSES	$3,275	$120,202
REPAIRS/MAINTENANCE	$135	$24,209
LEGAL/ACCOUNTING	$3,333	$0
DEPRECIATION	$0	$0
TAX EXPENSE	$581	$0
OTHER EXPENSES	$193	$0
TOTAL COSTS AND EXPENSES	$83,981	$198,007
OPERATING INCOME (LOSS)	($82,637)	($186,045)
OTHER INCOME (EXPENSES		$0
GAIN/lOSS SALE OF ASSETS	($4,647)	$0
LOSS FORECLOSURE OIL & GAS	$0	
TOTAL OTHER INCOME	($4,647)	($74,661)
NET LOSS	($87,284)	($162,434)
Weighted average number of common shares outstanding	34,162,576	34,162,576
Net loss per common share	($0.002)	($0.005)

FREMONT ENERGY CORPORATION
DENVER, COLORADO

BALANCE SHEET FOR QUARTER ENDING
MARCH 31, 1991

CURRENT ASSETS	DEBIT	DEBIT	DEBIT
CASH	$14,554		$654
ACCOUNTS RECEIVABLE	$800		$800
TOTAL CURRENT ASSETS	$15,354		$1,454
FIXED ASSETS			
FURNITURE AND EQUIPMENT	$21,941		$42,843
LESS: ACCUMULATED DEPR	$20,691		($21,591)
TOTAL FURN AND EQUIPMENT	$1,250		$21,252
OIL AND GAS PROPERTIES	$0		$0
LESS: ACCUM DEPRECIA DEPL, AND AMORTIZATION	$0		$0
TOTAL OIL AND GAS PROPERTIES	$0		$0
TOTAL FIXED ASSETS	$1,250		$21,252
TOTAL ASSETS	$16,604		$22,706
LIABILITIES			
CURRENT LIABILITIES			
ACCOUNTS PAYABLE TRADE	$9,016		$9,045
ACCOUNTS PAYABLE DIRECTORS	$341,404		$260,193
TOTAL CURRENT LIABILITIES	$350,420		$269,238
RETAINED EARNINGS (DEFICIT)			
LONG TERM DEBT			
NOTES PAYABLE	$100,000		$100,000
DEBENTURE PAYABLE	$0		$0

ITEM 1 LEGAL PROCEEDINGS.

1. Leasehold Interests has filed all of the documents for the foreclosure of the LaCruze Field. The Registrant is not contesting this action.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

1. The Registrant is negotiating for the sale of the Heavy Media Mill located at Silverplume several meetings have been held with the principals of the Mendota Minning Company, and a Mr. Douglas Watrus who are the owners of the ground on which the mill is located.

2. The Registrant is currently negotiating with two potential merger candidate. One of which is in the Oil and Gas exploration and development business and the other who is in a non related business. Discussions with the directors of the Registrant lead to the Registrant becoming a holding company who would diversify its investments from the oil and gas industry but not going away completely from the oil and gas business as that is where most of the expertise of the directors is.

There have been no stock splits

ITEM 3 DEFAULTS ON SENIOR SECURITIES:

NONE

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

ITEM 5. OTHER INFORMATION:

NOT APPLICABLE

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K:

A. The following exhibits are filed herein

1. Consolidated statement of changes in shareholders equity.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934. The Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

FREMONT ENERGY CORPORATION

DATED 3-10-92 BY

Emil J. Bertagnolli
Vice President

EXHIBIT A

FREMONT ENERGY CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY FOR PERIOD MARCH 31, 1989.

DISCRIPTION	COMMON SHARES	COMMON STOCK	CONTIRIBUTED CAPITAL IN EXCESS OF PAR VALUE	ACCUMULATED DEFICIT
BALANCE MARCH 31, 1990	34,152,576	$341,526	$5,260,090	($5,785,714)
CORRECT ERROR ON ORIGINAL STOCK ISSUANCE	10,000	$100	($100)	
NET LOSS FOR THE YEAR ENDED MARCH 31, 1990 1989				($162,434)
BALANCE MARCH 30, 1990	34,162,576	$341,626	$5,259,990	($5,948,148)
NET LOSS FOR YEAR ENDED MARCH 30, 1991				($87,284)
	34,162,576	$341,626	$5,259,990	($6,035,432)

Earnings per share computations are based on the weighted average of common shares outstanding.

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

RECD S.E.C
MAY 5 1992

[X] **Quarterly Report Under Section 13 or 15(d) f the Securities Exchange Act of 1934**

my
M92-2233

For the quarterly period ended: March 21, 1992

[ ] **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from ______ to ______

BEST COPY AVAILABLE

Commission File No.: 33-22829

HOMELAND HOLDING CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

73-1311075
(I.R.S. Employer Identification No.)

L30
PROCESSED BY
17 — 17
MAY 8 1992

400 N.E. 36th Street
Oklahoma City, Oklahoma 73125
(Address of principal executive offices)

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Q-Data Corp. - St. Petersburg, FL

(405) 557-5500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of April 30, 1992.

Class A Common Stock: 35,092,200
Class B Common Stock: None

This document contains 16 pages
[illegible]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

HOMELAND HOLDING CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

ASSETS

	March 21, 1992 (Unaudited)	December 28, 1991
Current assets:		
Cash and temporary investments	$ 20,958	$ 5,066
Receivables	9,592	10,112
Inventories	89,256	91,736
Prepaid expenses and other current assets	5,319	4,695
Total current assets	125,125	111,589
Property, plant and equipment	199,903	199,248
Less accumulated depreciation and amortization	47,349	44,305
	152,554	154,943
Excess of purchase price over fair value of net assets acquired, net of amortization of $519 and $494 at March 21, 1992 and December 28, 1991, respectively	4,014	4,039
Other assets and deferred charges	15,209	9,907
Total assets	$ 296,902	$ 280,478

The accompanying notes are an integral part of these financial statements.

HOWLAND HOLDING CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 21, 1992	December 28, 1991
	(Unaudited)	
Current liabilities:		
Accounts payable-trade	$ 30,072	$ 28,576
Salaries and wages	7,154	5,100
Taxes	6,908	7,492
Accrued interest payable	3,479	2,930
Other current liabilities	3,155	4,780
Current portion of long-term debt	1,250	-
Current portion of obligations under capital leases	2,425	2,425
Total current liabilities	54,443	51,303
Long-term obligations:		
Long-term debt	169,500	155,200
Obligations under capital leases	18,796	19,376
Other noncurrent liabilities	2,350	2,679
Total long-term obligations	190,646	177,255
Redeemable common stock, Class A $.01 par value, 4,213,211 shares at March 21, 1992 and 4,405,211 shares at December 28, 1991, at redemption value	10,154	10,616
Stockholders' equity:		
Common stock:		
Class A, $.01 par value, authorized - 40,500,000 shares, issued - 31,255,989 shares at March 21, 1992 and 31,063,989 shares at December 28, 1991, outstanding - 30,878,989 shares	313	311
Class B, $.01 par value, nonvoting, authorized - 40,500,000 shares, issued and outstanding - none	-	-
Additional paid-in capital	45,776	45,314
Accumulated deficit	(3,528)	(3,881)
Treasury stock, 377,000 shares at March 21, 1992 and 185,000 shares at December 28, 1991, at cost	(902)	(440)
Total stockholders' equity	41,659	41,304
Total liabilities and stockholders' equity	$ 296,902	$ 280,478

The accompanying notes are an integral part
of these financial statements.

HOMELAND HOLDING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share and per share amounts)
(Unaudited)

	12 weeks ended March 21, 1992	12 weeks ended March 23, 1991
Sales, net	$ 192,004	$ 177,674
Cost of sales	142,172	129,672
Gross profit	49,832	48,002
Selling and administrative	43,522	41,678
Operating profit	6,310	6,324
Interest expense	4,859	5,101
Income before income taxes and extraordinary items	1,451	1,223
Income taxes	-	217
Net income before extraordinary items	1,451	1,006
Extraordinary items	1,096	-
Net income	$ 355	$ 1,006
Net income before extraordinary items per common share	$0.04	$0.03
Extraordinary items per common share	0.03	-
Net income per common share	$0.01	$0.03
Weighted average shares outstanding	35,139,831	35,416,343

The accompanying notes are an integral part of these financial statements.

HOMELAND HOLDING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	12 weeks ended March 21, 1992	12 weeks ended March 23, 1991
Increase (decrease) in cash and temporary investments:		
Cash flows from operating activities:		
Net income	$ 355	$ 1,006
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,518	3,102
Amortization of financing costs	71	215
(Gain) loss on sale of assets	451	(20)
Amortization of beneficial interest in operating leases	54	54
Discount on note payable	(500)	-
Write-off of financing cost on long-term debt retired	371	-
Provision for losses on accounts receivable	(9)	59
Change in assets and liabilities:		
Decrease in receivables	529	2,819
(Increase) decrease in inventories	2,480	(1,514)
Increase in prepaid expenses and other current assets	(626)	(395)
Increase in other assets and deferred charges	(6,189)	-
Increase in accounts payable - trade	1,496	1,519
Increase in salaries and wages	2,054	938
Increase (decrease) in taxes	(506)	297
Increase in accrued interest payable	569	1,746
Decrease in other current liabilities	(1,625)	(4,483)
Decrease in other noncurrent liabilities	(307)	(79)
Net cash provided by operating activities	2,090	5,264
Cash flows used in investing activities:		
Capital expenditures	(1,186)	(3,842)
Net cash used in investing activities	(1,186)	(3,842)
Cash flows provided (used) by financing activities:		
Borrowings under senior secured floating rate note	45,000	-
Borrowings under senior secured fixed rate note	75,000	-
Payments on term note	(59,700)	(2,300)
Payments on subordinated debt	(12,250)	-
Net borrowings under revolving credit loans	(30,500)	(1,000)
Payments under notes payable	(1,500)	(9)
Principal payments under capital lease obligations	(580)	(723)
Payments to acquire treasury stock	(462)	(119)
Net cash provided (used) by financing activities	15,008	(4,151)

(Continued)

HOMELAND HOLDING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS, Continued
(In thousands)
(Unaudited)

	12 weeks ended March 21, 1992	12 weeks ended March 23, 1991
Net increase (decrease) in cash and temporary investments	$ 15,912	$ (2,729)
Cash and temporary investments at beginning of period	5,046	1,386
Cash and temporary investments at end of period	$ 20,958	$ (1,343)
Supplemental information:		
Cash paid during the period for interest	$ 4,509	$ 3,031
Cash paid during the period for income taxes	$ 238	$ -
Supplemental schedule of noncash investing activities:		
Capital lease obligations assumed	$ -	$ -
Capital lease obligations retired	$ -	$ -

The accompanying notes are an integral part
of these financial statements.

HOMELAND HOLDING CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-in	Accumulated	Treasury Stock		
	Shares	Amount	Capital	Deficit	Shares	Amount	Total
Balance, December 29, 1990	30,914	$ 309	$ 45,095	$ (6,095)	35	$ (83)	$ 39,226
Purchase of treasury stock	50	1	118	-	50	(119)	0
Net income	-	-	-	1,006	-	-	1,006
Balance, March 23, 1991	30,964	$ 310	$ 45,213	$ (5,089)	85	$(202)	$ 40,232
Balance, December 28, 1991	31,064	$ 311	$ 45,314	$ (3,881)	185	$(440)	$ 41,304
Purchase of treasury stock	192	2	460	-	192	(462)	0
Net income	-	-	-	355	-	-	355
Balance, March 21, 1992	31,256	$ 313	$ 45,774	$ (3,526)	377	$(902)	$ 41,659

The accompanying notes are an integral part
of these financial statements.

HOMELAND HOLDING CORPORATION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Preparation of Consolidated Financial Statements.

The accompanying unaudited consolidated financial statements of Homeland Holding Corporation and Subsidiary (the "Company") reflect all adjustments consisting only of normal and recurring adjustments, except for the extraordinary items described below, which are, in the opinion of management, necessary to present fairly the consolidated financial position and the consolidated results of operations and cash flows for the periods presented. These unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company for the period ended December 28, 1991 and the notes thereto. Extraordinary items recognized in the 12 weeks ended March 21, 1992 consisted of the following nonrecurring charges and credits:

Premium on repurchase of $12.3 million in aggregate principal amount of the Company's 15-1/2% Subordinated Notes due November 1, 1997	$1,225,000
Unamortized financing costs relating to the Company's 15-1/2% Subordinated Notes Due November 1, 1997	371,000
Discount for prepayment of the $1.5 million on $5 million note payable to Furr's, Inc.	(500,000)
	$1,096,000

2. Accounting Policies.

The policies of the Company are summarized in the consolidated financial statements of the Company for the period ended December 28, 1991 and the notes thereto.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Comparison of Twelve Weeks Ended March 21, 1992 with Twelve Weeks Ended March 23, 1991.

Sales. Net sales for the 12 weeks ended March 21, 1992 increased 8.0% over the net sales of the corresponding period of 1991. The increase in net sales was primarily attributable to increased traffic and sales resulting from the Company's acquiring six stores and opening one store during 1991 and completing its 1990 remodeling program during the fourth quarter of 1990 and the first quarter of 1991. In addition, net sales for the 12 weeks ended March 21, 1992 for the Company's continuing stores increased .7% over the comparable prior period.

Cost and Expenses. Gross profit as a percentage of sales for the 12 weeks ended March 21, 1992 decreased to 26.0% compared to 27.0% for the corresponding period of 1991. The decrease in gross profit margin is principally the result of increased cost of sales due to higher markdowns resulting from the Company's doubling vendor coupons up to $1.00 in value. The Company doubled vendor coupons in response to competitive pressures in order to maintain market share. In addition, the decrease in gross profit margin is partially attributable to the heavy inventory shortages experienced in the Company's stores during the first quarter of 1992. Management is currently evaluating its inventory procedures to determine the causes of such inventory shortages and, once such causes are identified, management intends to implement procedures to alleviate such shortages in future periods.

Gross profit without regard to warehouse and transportation costs as a percentage of sales decreased to 28.4% for the 12 weeks ended March 21, 1992 compared to 29.5% for the comparable prior period. This decrease is due primarily to the pricing actions implemented by the Company and the inventory shortages experienced at the Company's stores during the first quarter of 1992.

Selling and administrative expenses as a percentage of sales decreased to 22.7% for the 12 weeks ended March 21, 1992 from 23.5% for the comparable prior period. This decrease is principally the result of management's focusing its efforts on expense control, including the implementation of a staff reduction in January 1992.

In March 1992, the Company decided to discontinue its transportation operations and outsource its transportation function pursuant to a transportation agreement with Drake Refrigerated Lines, Inc. This transportation agreement, which is expected to become effective May 24, 1992, is expected to result in greater efficiencies and lower costs to the Company. See "Item 5 -- Other Information" for a description of this transportation agreement and related matters.

Operating Income. Operating income for the 12 weeks ended March 21, 1992 remained relatively constant as compared to the corresponding period of 1991. The Company's ability to maintain its operating profit in a depressed Oklahoma economy is primarily attributable to its efforts in the areas of expense control, purchasing, shelf allocation, warehouse inventory control, investment buying and backhauling, and the increased proportion in the sales mix of higher margin items, combined with increased traffic and sales.

Interest Expense. Interest expense for the 12 weeks ended March 21, 1992 decreased 5.0% compared to the corresponding period of 1991, due primarily to lower interest rates.

Income Tax Provision. As a result of the utilization of net operating loss carryforwards, the Company recorded no provision for income taxes in the 12 weeks ended March 21, 1992. The income tax provision for the corresponding period of 1991 was $217,000.

Income or Loss. Net income during the 12 weeks ended March 21, 1992 decreased to $355,000 from $1.0 million for the comparable prior period. This decrease was the result of the net effect of certain extraordinary items of approximately $1.1 million. These extraordinary items included the payment of approximately $1.2 million in premiums on the repurchase of $12.3 million in aggregate principal amount of the Company's 15-1/2% Subordinated Notes due November 1, 1997 (the "Subordinated Notes") at a purchase price of 110% of the outstanding principal amount. The extraordinary items also included $371,000 in unamortized financing costs related to the Subordinated Notes, and a credit for the discount of $500,000 on the Company's prepayment of $1.5 million on the $5 million note payable to Furr's, Inc. ("Furr's") issued in connection with the Company's acquisition of certain stores from Furr's in September 1991.

Liquidity and Capital Resources

The major sources of liquidity in the past for the Company's operations and expansion have been internally generated funds and borrowings under a revolving credit facility. In March 1992, the Company refinanced its indebtedness through the issuance of $45 million in aggregate principal amount of Series A Senior Secured Floating Rate Notes due 1997, bearing interest at a floating rate of 300 basis points over LIBOR (the "Senior Floating Rate Notes"), and $75 million in aggregate principal amount of Series B Senior Secured Fixed Rate Notes due 1999, bearing interest at 11-3/4% per annum (the "Senior Fixed Rate Notes," and together with the Senior Floating Rate Notes, the "Senior Notes").

Of the net proceeds from the issuance of the Senior Notes, $59.7 million was used to repay amounts outstanding under the term loan facility under the Credit Agreement dated as of November 24, 1987 among Homeland, Manufacturers Hanover Trust Company, as agent, and certain other banks (the "Prior Credit Agreement"), and $22.5 million was used to repay amounts outstanding under the revolving credit facility under the Prior Credit Agreement. In addition, the Company used $1.5 million of the net proceeds from the issuance of the Senior Notes to make a cash prepayment on the Company's $5 million note payable to Furr's issued in connection with the Company's acquisition of certain stores from Furr's in September 1991. The Company also used $13.5 million of net proceeds from the issuance of the Senior Notes to purchase from certain purchasers of the Senior Notes $12.3 million in aggregate principal amount of the Subordinated Notes at a purchase price of 110% of the outstanding principal amount. The balance of the net proceeds from the issuance of the Senior Notes will be used to repurchase or redeem a portion of the Subordinated Notes that remain outstanding and for working capital and other general corporate purposes. The Senior Fixed Rate Notes are not redeemable by the Company until on or after March 1, 1997. The indenture pursuant to which the Senior Notes were issued requires the Company to have a cash reserve of at least $15 million on November 30, 1992.

Also in March 1992, the Company entered into a Revolving Credit Agreement (the "Revolving Credit Agreement") with Union Bank of Switzerland, New York Branch ("UBS"), as agent and as lender, and any other lenders and other financial institutions thereafter parties thereto. The Revolving Credit Agreement provides a commitment of up to $10 million in revolving credit loans, including a swing loan and certain letters of credit increasing by an additional $40 million if the Company redeems all of the Subordinated Notes on or before March 1, 1993 and satisfies certain other conditions. The Revolving Credit Agreement limits borrowings (other than cash-collateralized letters of credit) to a maximum of $8 million in aggregate principal amount until the Subordinated Notes are redeemed and certain other conditions are met. Among these conditions is the limitation that such borrowings in excess of such amount are not permitted if at the time of borrowing EBITDA (as defined in the Revolving Credit Agreement) for the 12-month period ending on September 5, 1992 is less than $38.0 million. The Revolving Credit Agreement by its terms permits borrowings (a) to redeem or repurchase the Subordinated Notes only if all then outstanding Subordinated Notes are then so redeemed or repurchased, (b) for working capital purposes and (c) subject to certain conditions, for corporate acquisitions. Borrowings under the Revolving Credit Agreement bear interest at the UBS base rate plus 1.5% or at an adjusted Eurodollar rate plus 2.5%, which rates are subject to increase upon certain conditions. All borrowings under the Revolving Credit Agreement are subject to a borrowing base and mature no later than March 2, 1997.

Holding has guaranteed the obligations of Homeland under the Senior Notes, and such guarantee is secured by Holding's pledge of 100% of the stock of Homeland. Holding has also guaranteed up to $5 million of Homeland's obligations to UBS and any other lenders under the Revolving Credit Agreement. Commencing each year on and after June 1, 1993, if no Subordinated Notes are outstanding, Homeland must apply 80% of its Excess Cash Flow (as defined in the indenture pursuant to which the Senior Notes were issued), after accounting for reductions in amounts outstanding under the Revolving Credit Agreement, to prepay the Senior Floating Rate Notes. Additionally, Homeland must apply net proceeds of asset dispositions (other than sales of inventory and certain other property in the ordinary course of business and certain other excepted dispositions) to prepay indebtedness under the Senior Notes, the Subordinated Notes and/or the Revolving Credit Agreement. Homeland's receipt of net proceeds from certain asset sales over $10 million will reduce amounts available for borrowing under the Revolving Credit Agreement.

Although the Company has structured the refinancing to enable it to redeem or repurchase all of its Subordinated Notes and currently plans to complete such redemption or repurchase, there is no assurance that the financial and other conditions to effect any such redemption or repurchase will be fulfilled or that the Company will complete any such redemption or repurchase in light of then-existing business conditions.

During the first quarter of 1992, the Company exercised its repurchase rights to repurchase an aggregate of 190,500 shares of its common stock at $2.41 per share from former key employees.

PART II - OTHER INFORMATION

Item 5. Other Information

In March 1992, the Company decided to discontinue its transportation operations and entered into a transportation agreement with Drake Refrigerated Lines, Inc. (the "Transportation Agreement"). The Company's decision to outsource its transportation function is consistent with the Company's trend toward outsourcing certain support functions such as data processing and supply of bakery products. Pursuant to the Transportation Agreement, which is expected to become effective May 24, 1992, the Company may at its option sell all of its trailers to Drake and Drake will provide all transportation services for Homeland products through a network of independent drivers. The annual transportation charges under the Transportation Agreement are expected to range from approximately $6.5 million to $8 million. The Transportation Agreement is for a term of five years and is terminable by either party on six months' notice and upon certain other conditions. If the Transportation Agreement is terminated prior to the expiration of the five-year term, the Company is obligated to repurchase the trailers at their depreciated book value. Management believes that the Transportation Agreement will result in greater efficiencies and lower costs to the Company.

Homeland has 161 transportation operations employees whose employment would be affected upon the effectiveness of the Transportation Agreement. Approximately 128 of such employees are drivers, many of whom are expected to be given the opportunity to purchase Homeland's tractors currently used for its transportation operations and to become independent owner-operators for Drake. These drivers are members of the International Brotherhood of Teamsters (the "Teamsters"), whose current contract with the Company expires in July 1992. On March 25, 1992, the Company commenced negotiations with the Teamsters regarding its decision to discontinue the transportation operations and cause the Transportation Agreement to become effective and the effects of such decision on the affected employees. The Company has expressed to the Teamsters a willingness to enter into an employment termination and shutdown agreement with the Teamsters. However, the Company cannot now anticipate the outcome of such negotiations or the effect thereof on the Company and its operations.

The Company has requested a waiver of the limitations on disposition of assets under the Revolving Credit Agreement to enable the Company to sell its tractors and trailers pursuant to the Transportation Agreement. Although there is no assurance that such a waiver will be granted, management believes, and UBS has orally confirmed, that the Company will be able to obtain such a waiver.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: No exhibits are filed as part of this Report.

(b) Reports on Form 8-K: No reports on Form 8-K were filed during the quarter ended March 21, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HOMELAND HOLDING CORPORATION

Date: April 30, 1992

By: Max E Raydon
Max E. Raydon, President, Chief Executive Officer and Director (Principal Executive Officer)

Date: April 30, 1992

By: Donald R. Taylor
Donald R. Taylor, Vice President - Finance, Treasurer and Secretary (Principal Financial and Accounting Officer)

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For Quarterly Period Ended May 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-13946

INTERNATIONAL DESIGN GROUP, INC. /DE/

(Exact name of registrant as specified in charter)

Delaware	59-2521916
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2450 Hollywood Blvd, Hollywood, Florida 33020

(Address of principal executive offices) (Zip Code)

(305) 927-9119

(Registrant's telephone number, including area code)

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes_x_ No__.

As of June 30, 1992, there were 3,126,023 shares of the Registrant's $.001 par value common stock issued and outstanding.

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INTERNATIONAL DESIGN GROUP, INC.
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INTERNATIONAL DESIGN GROUP, INC
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	MAY 31, 1992	FEBRUARY 29, 1992
CURRENT ASSETS:		
Cash and Cash Equivalents	$127,436	$154,416
Finance Receivables, less allowance for doubtful accounts of $ 170,726 and $181,481 and unearned income of $ 115,594 and $128,999	1,496,473	1,610,768
Drafts receivable	39,711	76,873
Current maturities of notes receivable	34,894	37,467
Prepaid expenses and other	4,287	10,371
TOTAL CURRENT ASSETS	1,702,801	1,889,895
PROPERTY AND EQUIPMENT- less accumulated depreciation of $ 25,335 and $17561	82,063	84,721
NOTES RECEIVABLE, less current maturities	48,498	51,006
OTHER ASSETS, less accumulated amortization of $ 11,823 and $8,067	123,918	126,673
	$1,957,280	$2,152,295

LIABILITIES AND STOCKHOLDERS' EQUITY	MAY 31, 1992	FEBRUARY 29, 1992
CURRENT LIABILITIES:		
Accounts payable, accrued expenses and other	$45,968	$33,221
Drafts Payable	91,190	71,276
Notes payable	49,759	102,396
Net amount due in connection with discontinued operations	59,013	113,816
Notes payable to Director	30,000	244,000
TOTAL CURRENT LIABILITIES	275,930	564,709
STOCKHOLDERS' EQUITY:		
Common stock $.05 par, shares authorized 10,000,000; 3,126,023 and 2,126,023 issued and outstanding	156,301	106,301
ADDITIONAL PAID IN CAPITAL	5,851,236	5,861,236
DEFICIT	(4,283,707)	(4,341,431)
COMMON STOCK SUBSCRIPTIONS RECEIVABLE	(29,815)	(29,815)
TREASURY STOCK	(12,665)	(8,705)
TOTAL STOCKHOLDERS' EQUITY	1,681,350	1,587,586
	$1,957,280	$2,152,295

See Notes to Condensed Financial Statements

INTERNATIONAL DESIGN GROUP, INC
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED MAY 31,	
	1992	1991
REVENUES:		
Finance charge income	$87,998	$42,539
Origination fees	71,552	27,614
Late fees and other charges	60,451	22,779
Interest income	1,783	18,864
Commission income	81,743	
Other income	4,426	15,258
	307,953	127,054
EXPENSES		
General and administrative expenses	201,150	100,546
Sales and marketing	50,034	16,690
Depreciation and amortization	9,150	1,694
Provision for doubtful accounts	30,500	21,000
Interest expense	4,636	
	295,470	139,930
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX AND EXTRAORDINARY ITEM	12,483	(12,876)
INCOME TAX (EXPENSE) BENEFIT	(4,700)	4,900
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEM	7,783	(7,976)
EXTRAORDINARY ITEM: REDUCTION OF INCOME TAXES DUE TO UTILIZATION OF LOSS CARRYFORWARD	4,700	
INCOME (LOSS) FROM CONTINUING OPERATIONS	12,483	(7,976)
DISCONTINUED OPERATIONS:		
Operating income	45,241	19,358
INCOME FROM DISCONTINUED OPERATIONS BEFORE INCOME TAX PROVISION AND EXTRAORDINARY ITEM	45,241	19,358
INCOME TAX PROVISION	(17,000)	(7,400)
INCOME FROM DISCONTINUED OPERATIONS BEFORE EXTRAORDINARY ITEM	28,241	11,958
EXTRAORDINARY ITEM: REDUCTION OF INCOME TAXES DUE TO UTILIZATION OF LOSS CARRYFORWARD	17,000	2,500
INCOME FROM DISCONTINUED OPERATIONS	45,241	14,458
NET INCOME (LOSS)	$57,724	$6,482

INTERNATIONAL DESIGN GROUP, INC
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Continued

	THREE MONTHS ENDED MAY 31, 1992	1991
NET INCOME (LOSS) PER COMMON SHARE:		
CONTINUING OPERATIONS:		
Income (loss) from continuing operations before extraordinary item	0.00	-0.01
Extraordinary item	0.00	0.00
DISCONTINUED OPERATIONS:		
Income from discontinued operations before extraordinary item	0.01	0.01
Extraordinary item	0.01	0.00
Net income (loss) per common share	0.02	0.00
WEIGHTED AVERAGE NUMBER OF COMMON SHARES	2,626,023	1,926,935

See Notes to Condensed Financial Statements

INTERNATIONAL DESIGN GROUP, INC
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED MAY 31, 1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss)from Continuing Operations:	$12,483	($12,876)
Adjustments to reconcile net profit to net cash used by operating activities:		
Depreciation and amortization	9,150	1,694
Provision for doubtful accounts	30,500	51,700
Change in operating assets and liabilities:		
Decrease (Increase) in other assets	8,592	57,623
(Increase) Decrease in drafts receivable	37,162	(3,567)
Increase in accounts payable,accrued expenses and other	12,747	11,216
Increase (Decrease) in drafts payable	19,914	2,040
Increase in deferred income		23,306
Cash Provided by (Used) in Continuing Operations	130,548	131,136
Cash Provided (Used) by Discontinued Operations	(9,562)	(447)
Net Cash Provided (Used) By Operating Activities	120,986	130,689
CASH FLOWS FROM INVESTING ACTIVITIES:		
Premium finance loans	(1,348,766)	(932,605)
Payments received on finance loans	1,432,561	140,290
Decrease in notes receivable	2,573	3,656
Payment for purchase of Finco, net of cash acquired		(9,291)
Capital expenditures	(3,737)	(17,002)
Net Cash (Used) Provided By Investing Activities	82,631	(814,952)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of short term investments		382,000
Sale of common stock to Director	40,000	
Repayment of note payable	(52,637)	
Repayment of note payable to Director	(214,000)	
Purchase of treasury stock	(3,960)	
Net Cash Provided by Financing Activities	(230,597)	382,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	($26,980)	($302,263)
CASH AND CASH EQUIVALENTS, beginning of the period	154,416	763,701
CASH AND CASH EQUIVALENTS, end of period	$127,436	$461,438

See Notes to Condensed Financial Statements

International Design Group, Inc. and Subsidiaries
Notes to Condensed Consolidated Financial Statements (Unaudited)

NOTE A -- Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended May 31, 1992 are not necessarily indicative of the results that may be expected for the year ending February 28, 1993. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended February 29, 1992.

The accompanying financial statements include the Company, its wholly owned subsidiaries Finco Financial Corporation, QRS Acquisition, Inc., IDG Enterprises, Inc. Insurance Stop West, Inc., Insurance Stop, Inc., and Insurance Stop of Broward, Inc. All intercompany transactions and balances have been eliminated in consolidation.

During the year ended February 28, 1990, the Company discontinued its involvement in the apparel manufacturing industry. The condensed consolidated financial statements for the periods presented reflect operations in the apparel industry as discontinued operations.

Note B Settlement of Amounts Due under Discontinued Operations

During June 1992, the Company's QRS Acquisition, Inc. subsidiary (formerly Regina Kravitz Inc.) paid the ILGWU National Retirement Fund $42,000 in payment of all amounts owing as a result of its withdrawal liability under ERISA.

Note C Revolving Credit Agreement

On April 13, 1992, the Company entered into a $1,000,000 revolving credit agreement with the Company's Chairman, Mr Robert Gardner. Loans under this agreement bear interest at prime plus 4 1/2% with a minimum of 12% and a cap of 18%. The agreement is in effect through March 31, 1995 and is collateralized by all of the Company's accounts receivable and all of the common stock of Finco Financial Corporation. In conjunction with the agreement, the Company sold to Mr Gardner 1,000,000 shares of the Company's Common Stock at a price of $.04 per share. Under the terms of the agreement, the Company may repurchase a pro-rata portion of these shares at $.04 per share through March 31, 1995 should the Company replace this revolving credit agreement with a debt arrangement on more favorable terms to the Company and if all borrowings under this agreement are repaid.

PART I - ITEM 2
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations - General

Revenues increased to approximately $308,000 during the three months ended May 31, 1992 as compared to $127,000 the during the comparable period in 1992 as a result of the Company's growth in the insurance premium finance business. The Company's finance subsidiary, Finco Financial Corporation, financed approximately 3,500 insurance contracts during the first quarter of 1992 as compared to 2,500 the prior year as a result of expanded marketing efforts. The Company is continuing to expand its marketing efforts during the second quarter and financed 1,800 contracts during June of 1992. Commission income was generated by the Company's insurance agency operations.

The Company recorded income from continuing operations of $12,483 this year as compared to a loss of $7,976 during the prior year. This resulted from the increase in profitability of the Company's Finco subsidiary. A large portion of Finco's expenses are fixed and did not increase proportionately with the increase in revenue. The increases in general and administrative expenses, sales and marketing, depreciation and amortization and provision for doubtful accounts all result from the increase in growth in the premium finance business. Interest expense results from borrowings made by Finco to fund its lending activities.

Income from discontinued operations relates to the Company's previous involvement in the apparel manufacturing industry and primarily reflects the settlement of liabilities for less than their previously recorded amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Liquidity and Capital Resources

The Company's working capital position at May 31, 1992 was $1,426,871 as compared to $1,325,186 at February 29, 1992. This increase resulted primarily from the income earned by the Company.

Finance receivables decreased to $1,496,473, at May 31, 1992, from $1,610,768 at February 29, 1992, reflecting a temporary decrease in financing activity during the quarter ended May 31, 1992 as compared to the fourth quarter of last year. This temporary trend has reversed as additional borrowings of approximately $300,000 were made between May 31, 1992 and July 14, 1992 to fund additional financing activities.

On April 13, 1992, the Company entered into a $1,000,000 revolving credit agreement with the Company's Chairman, Mr Robert Gardner. Loans under this agreement bear interest at prime plus 4 1/2% with a minimum of 12% and a cap of 18%. The agreement is in effect through March 31, 1995 and is collateralized by all of the Company's accounts receivable and all of the common stock of Finco Financial Corporation.

The Company is presently seeking to arrange additional financing through either banks or private investors to fund additional growth. There are no assurances that the Company will be able to obtain additional funds. If additional capital is not obtained, the Company may be forced to restrict its level of financing.

It is the opinion of management that the Company will have sufficient funds to satisfy its cash requirements for at least the next 12 months either through the obtaining of additional funds or through the restriction of financing activities.

Inflation and Foreign Currency Fluctuations:

Presently, inflation and foreign currency fluctuations do not have any adverse effect on the Company's business. However, inflation would have an adverse effect on the Company as its cost of money would increase while the maximum interest rates the Company is allowed to charge are set by state law.

PART II - OTHER INFORMATION

Item 1. Legal Proceeding

During June of 1992, the Company's QRS Acquisition, Inc. subsidiary (formerly Regina Kravitz Inc.) paid the ILGWU National Retirement Fund $42,000 in payment of all amounts owing as a result of its withdrawal liability under ERISA.

Item 2. Changes in Securities

NONE

Item 3. Defaults Upon Senior Securities

NONE

Item 4. Submission of Matters To A Vote of Security Holders

NONE

Item 5. Other Information

NONE

Item 6. Exhibits and Reports on Form 8-K

The Company filed Form 8-K dated April 13, 1992, reporting Item 1, Changes in Control, as a result of the Company's $1,000,000 revolving credit agreement with the Company's Chairman Mr Robert Gardner. As a part of the agreement, Mr Gardner was sold 1,000,000 shares of the Company's Common Stock at a price of $.04 per share. See Note B to the condensed financial statements.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERNATIONAL DESIGN GROUP, INC.

July 14, 1992 By: \s\ David Raymond

David Raymond, President and Chief Financial Officer

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FORM 10-Q

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended January 31, 1992

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________ to ______________

Commission file number 1-8091

PROCESSED BY

NOVA VISTA INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

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NEW YORK
(State or other jurisdiction of incorporation or organization)

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350 FIFTH AVENUE - 60TH FLOOR - NEW YORK, NY 10118
(Address of principal executive offices)
(Zip Code)

(212) 244-2400
(Registrant's telephone number, including area code)

____
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ___X___ No ________

APPLICABLE ONLY TO REGISTRANTS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes _____ No _____ (N/A - No Plan yet confirmed by Court)

As of January 31, 1992 there were 126,144 shares of common stock, $1.00 par value per share, of the registrant outstanding.

NOVA VISTA INDUSTRIES, INC.

Form 10-Q - January 31, 1992

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NOVA VISTA INDUSTRIES, INC. (Debtor-in-Possession)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

ASSETS	January 31, 1992 (Unaudited)	July 31, 1991
Current assets:		
Cash and temporary investments	$ 35	$ 33
Trade accounts receivable, net	1973	1531
Finished goods inventories	4345	4948
Notes receivable and other current assets	99	113
Total current assets	6452	6625
Restricted cash	348	330
Property, plant and equipment, net	1562	1609
Other investments	1133	1180
Indebtedness of related parties	2920	2831
Notes receivable and other assets	1188	1144
Excess of cost over net assets of acquired businesses, net	1567	1591
TOTAL	$ 15170	$ 15310

See accompanying notes to consolidated financial statements.

NOVA VISTA INDUSTRIES, INC. (Debtor-in-Possession)
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

LIABILITIES	January 31, 1992 (Unaudited)	July 31, 1991
Current liabilities:		
Notes payable and current maturities of long-term debt (Note 2)	$ 3077	$ 965
Accounts payable	1983	3001
Accrued expenses and other liabilities	2418	2037
Total current liabilities	7478	6003
Liabilities (unsecured) deferred pursuant to proceeding under Chapter 11	21632	21642
Long-term debt, less current maturities(Note 2)	163	1733
Total liabilities	29273	29378
Redeemable preferred stock:		
Series A redeemable preferred stock, $1 par value, authorized 2,100,000 shares; issued and outstanding 826,711 shares	827	827
Series B redeemable preferred stock, $1 par value, authorized 150,000 shares; issued and outstanding 69,980 shares	70	70
Total redeemable preferred stock	897	897
SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)		
Capital stock:		
Preferred stock:		
Series C voting preferred stock, no par value, authorized 2,000 shares; issued and outstanding 1,000 shares	10	10
Additional preferred stock, authorized 250,000 shares; none issued and outstanding		
Total preferred stock	10	10
Common stock, $1, par value, authorized 500,000 shares; issued and outstanding 126,144 shares	126	126
Additional paid-in capital	5967	5967
(Deficit)	(21103)	(21068)
Total shareholder's equity	(15000)	(14965)
TOTAL	$ 15170	$ 15310

See accompanying notes to consolidated financial statements.

NOVA VISTA INDUSTRIES, INC. (Debtor-in-Possession)
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS
(dollars in thousands)
(Unaudited)

	For the Six Months Ended January 31, 1992	For the Six Months Ended January 31, 1991	For the Quarter Ended January 31, 1992	For the Quarter Ended January 31, 1991
Net sales	$11,685	$14,052	$ 5,553	$ 5,936
Cost of sales	9,122	10,963	4,246	4,580
Gross profit	2,563	3,089	1,307	1,356
Selling and administrative expenses	2,594	2,990	1,258	1,539
Operating income	(31)	99	49	(183)
Interest expense	188	270	96	108
Other (income) expense	(186)	49	(110)	39
Income before federal income taxes	(33)	(220)	63	(330)
Provision for federal income taxes	-0-	-0-	-0-	-0-
Net Income	$ (33)	$ (220)	$ 63	$ (330)

See accompanying notes to the consolidated financial statements

NOVA VISTA INDUSTRIES, INC. (Debtor-in-Possession)
AND SUBSIDIARIES
Consolidated Condensed Statements of Cash Flows
For the Six Months Ended January 31, 1992 and 1991
(Unaudited)

	For the Six Months Ended January 31,	
	1992	1991
Cash flows provided (utilized) by operating activities:		
Net income (loss)	$ (220)	$ 33
Adjustments to reconcile net profit (loss) to Net cash utilized by operating activities:		
Depreciation and amortization	83	76
Provision for losses on inventory and accounts receivable	124	35
Change in assets and liabilities:		
Increase/Decrease in accounts receivable	1563	(452)
Decrease in finished goods inventories	868	578
(Increase) Decrease in notes receivable and other current assets	---	14
(Decrease) in accounts payable	(1185)	(1018)
Increase (Decrease) in accrued expenses and other current liabilities	(36)	381
Total adjustments	1417	(386)
Net cash provided (utilized) by operating Activities	1197	(419)
Cash flows from investing activities:		
Proceeds from sales of fixed assets	97	24
Capital expenditures	(23)	(6)
(Increase) in notes receivable and other assets	(98)	(129)
(Decrease) in other non-current liabilities	(53)	(10)
Other	-0	-0-
Net cash used in investing activities	(77)	(121)
Cash flows from financing activities:		
Net short-term borrowings	1016	2112
Principal payments of long-term debt	(2138)	(1570)
Net cash provided by financing activities	(1122)	542
Net increase (decrease) in cash and cash equivalents	(2)	2
Cash and cash equivalents at beginning of period	43	33
Cash and cash equivalents at end of period	$ 41	$ 35

NOVA VISTA INDUSTRIES, INC. (Debtor-in-Possession)
AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(NOTE 1) - BUSINESS

(a) General Development of Business

Nova Vista Industries, Inc. is a New York corporation formerly known as Bastian Industries, Inc. (referred to herein, together with its predecessors unless the context otherwise indicates, as the "Company" or the "Registrant"). The Company is an indirect subsidiary of Greville Holdings Ltd., a Swiss corporation and the ultimate parent of the Company ("Greville"). The Company primarily markets oil field supply equipment to the oil and gas drilling and production industry through its wholly owned subsidiaries Midway-Tristate Corporation ("Midway"), Bradford Pipe, Inc. ("Bradford"), and Branchland Pipe, Inc. ("Branchland") (collectively the "Energy Group"). Midway, and Branchland market their products primarily in the states of Michigan, Illinois, Ohio, and Kentucky. Bradford, which ceased operations in fiscal 1991, formerly marketed its products in Pennsylvania.

Dr. Heini Naegeli, Chairman of the Board of the Company, owns all of the outstanding capital stock of Greville.

On May 19, 1989 the Registrant (but not its subsidiaries) filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Case No. 89B11151 (CB)) due to substantial losses incurred during fiscal years 1989 and 1988, and since such date has been operating as a Debtor In Possession under the Bankruptcy Code. The Company has filed a Third Amended Plan of Reorganization and the Second Amended Disclosure Statement with the Court providing for payment to its creditors pursuant to such plan. No decision by the Bankruptcy Court has been taken with respect to the adequacy of the Second Amended Disclosure Statement and no solicitation or vote of creditors has taken place with respect to the acceptance of the Third Amended Plan.

All of Registrant's issued and outstanding common shares, $1.00 par value per share, and all of its issued and outstanding Series C Preferred Shares, no par value, were acquired on February 23, 1989 by New World Acquisition, Inc. ("New World"), a Delaware corporation all of whose capital stock is owned by Greville. New World purchased the shares from Bastian Holdings Industries, Inc., a Delaware corporation controlled by Benson A. Selzer, the Company's former Chairman of the Board, for a purchase price consisting of $250,000 in cash and two promissory notes, one in the principal amount of $2,500,000 and the second note for an additional contingent amount to be equal to 30% of the difference between the Tangible Net Worth of Registrant as of December 31, 1991 and as of February 23, 1989 which was zero. As part of the transaction, the Company was required to change it name.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the requirements of Form 10-Q and Regulation S-X promulgated by the Securities and Exchange Commission, and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of a normal recurring nature) considered necessary for a fair presentation of results for interim periods have been made.

2) Long-Term Debt

Long-term debt at January 31, 1992 and July 31, 1991 is summarized as follows (in thousands):

	January 31, 1992 (Unaudited)	July 31, 1991
Note payable to Congress Financial Corporation, due August 1, 1991 interest at the prime rate plus 2-1/4%, collateralized by a security interest in all assets of the Energy Group	$ ---	$ 1532
Notes payable to Congress Financial Corporation due in quarterly installments of $36,000, collateralized by certain fixed assets of Bradford Pipe, Inc. and Branchland Pipe Inc., interest at the prime rate plus 2-1/4%	-0-	71
Other mortgages and notes payable	217	242
Total senior indebtedness	217	1845
Less: Current maturities	51	112
Net senior indebtedness	$ 163	$ 1733

(3) Per Share Data

Per share data is not presented because the Company is a wholly-owned subsidiary of New World Acquisition, Inc.

Item 2. Managements Discussion and Analysis of Financial Results of Operations.

Results of Operations

Second Quarter Fiscal 1992 vs. Second Quarter Fiscal 1991

Net sales for the second quarter of fiscal 1992 decreased $383,000, or 6% from the second quarter of fiscal 1991. The decrease was primarily due to the following:

Subsidiary	Volume Decrease	Reason
Midway	$ 248,000	Declining sales to construction and industrial customers due to the economy totaling $204,000, coupled with declining sales to oil and gas customers due to the slow down in Antrim formation drilling of $44,000.
Branchland	114,000	Declining market conditions and the consolidation of operations.
Bradford	21,000	Declining market conditions resulted in cessation of operations.
	$ 383,000	

Gross profit for the second quarter of fiscal 1992 decreased $49,000 from the second quarter of fiscal 1991. The gross profit decline was due to a volume shortfall. This was partially offset by a .7% increase in the gross margin to 23.5% due to a more favorable sales mix.

Selling and administrative expenses decreased $334,000 for the quarter ended January 31, 1992 from the quarter ended January 31, 1991. The decrease was primarily due to expense reductions at Midway, Bradford and Branchland totaling $168,000 due to their volume decrease in addition to the $166,000 decrease in the Chapter 11 cost of administration.

Interest expense for the quarter ended January 31, 1992 decreased $12,000 (11%) from the quarter ended January 31, 1991. The decrease was primarily due to the reduction in the operating subsidiaries' level of borrowing coupled with a rate reduction.

The overall increase of $149,000 from other expense of $39,000 for the quarter ended January 31, 1991 to income of $110,000 for the quarter ended January 31, 1992 was due to the reduction of bad debt and inventory provisions no longer deemed necessary, the compromise of certain trade payables, and in fiscal 1991, losses incurred on the liquidation of Bradford's assets.

NOVA VISTA INDUSTRIES, INC. (Debtor-in-Possession)
AND SUBSIDIARIES

Results of Operations

Six Months Fiscal 1992 vs. Six Months Fiscal 1991

Net sales for the first two quarters of fiscal 1992 decreased $2,367,000 or 17% from the first two quarters of fiscal 1991. The decrease was primarily due to the following:

Subsidiary	Volume Decrease	Reason
Midway	$1,983,000	Declining sales to oil and gas customers due to slow down in Antrim formation drilling of $1,757,000 coupled with a slow down in capital spending effecting the construction and industrial segments by $226,000.
Branchland	318,000	Declining market conditions and the consolidation of operations.
Bradford	66,000	Declining market conditions resulted in the cessation of operations.
	$2,367,000	

Gross profit for the first six months of fiscal 1992 decreased $526,000 from the first six months of fiscal 1991. The gross profit decline was due to the decrease in sales volume only. The Gross margin was unchanged at 22%.

Selling and administrative expenses decreased $396,000 during the first six months of Fiscal 1992 from the six months ended January 31, 1991. The decrease was due to expense reductions in response to the decline in volume at Midway ($88,000), Bradford ($70,000), and Branchland ($54,000) in addition to a $177,000 reduction in the cost of the Chapter 11 administration.

Interest expense for the first six months ended January 31, 1992 decreased $82,000 (30%) from the six months ended January 31, 1991. The decrease was primarily due to the reduction in the operating subsidiaries' level of borrowing.

The overall increase of $235,000 from other expense of $49,000 for the six months ended January 31, 1991 to income of $186,000 for the six months ended January 31, 1992 was due to the reduction of bad debt and inventory provisions no longer deemed necessary, the compromise of certain trade payables and in fiscal 1991, losses incurred on the liquidation of Bradford's assets.

Liquidity and Capital Resources

Substantially all of the Company's working capital is provided by its Energy Group Subsidiaries' revolving credit facility which is secured by all assets of such Subsidiaries and cross corporate guaranteed. At January 31, 1992, the difference between the maximum amount available under the revolving credit facility of $8.0 million and existing loans outstanding would have resulted in a maximum availability of approximately $4,974,000 had sufficient collateral been available to support such level of borrowing. However based upon its eligible collateral, the Energy Group availability under the revolving credit facility was $1,499,000. Management expects the restrictions imposed by the recent changes in the Midway-Tristate loan agreement, which limits the transfer of funds from Midway-Tristate Corporation may affect the Company's ability to meet its future costs of administration (see Part II, Item 5 - Subsequent Event). In the past, the cost of administering the Company's Chapter 11 proceeding has been equal to the net earnings of its operating subsidiaries.

After reclassing for comparative purposes, the $1,532,000 term note due August 1, 1992, that was reflected as long term for only one day, July 31, 1991, the $116,000 decline in working capital during fiscal 1992 was due primarily to use of current assets to acquire long term assets of $46,000 and pay down $48,000 of long term debt.

Based upon operating performance and the recent renewal of its loan agreement albeit on a month to month basis, management expects that the line of credit will be available to the Energy Group on a continuing basis (see part II, Items 5, Subsequent Event).

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding pending litigation, refer to the Company's Annual Report on Form 10-K. No further developments have occurred during the quarter.

Item 2. Changes in Securities

None.

Item 3. Defaults Upon Senior Securities

None. See Note 1 to the Consolidated Financial Statements

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted.

Item 5. Other Information - Subsequent Event

On February 13, 1992 Midway-Tristate Corporation's prime lender, Congress Financial Corporation, as a condition for renewing the expired loan agreement, required that effective March 1, 1992: (1) the interest rate be increased 1% to 3-1/4% over prime (2) that no payments be made to Nova Vista Industries, Inc. or any shareholder, and (3) that the present line of credit be reduced from $8,000,000 to $5,000,000 and the entire agreement renewable on a month to month basis.

Item 6. Exhibits and Reports on Form 8-K

None.

NOVA VISTA INDUSTRIES, INC.
AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NOVA VISTA INDUSTRIES, INC.
(Registrant)

Thomas W. Norton

By: Thomas W. Norton
Treasurer
Chief Financial Officer
and duly authorized
signatory on behalf of
Registrant

Date: March 4, 1992

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**QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

PROCESSED BY
MAY 18 1992
15 - 15 IV

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934
For the quarter ended March 31, 1992

D92-2233

or

[ ] Transition Report Pursuant to Section 13 of 15(d) of
the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number 0-18095.

THE RANDERS GROUP INCORPORATED
(Exact Name of Registrant as Specified in its Charter)

DELAWARE	38-2788025
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

570 Seminole Road, Norton Shores, Michigan	49444
(Address of Principal Executive Offices)	(Zip Code)

(616) 733-0036
(Registrant's Telephone Number, including area code)

MAY 14 1992

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes _X_ No _____

Number of Common shares, par value $.0001, outstanding at April 30, 1992: 14,097,500

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THE RANDERS GROUP INCORPORATED

FORM 10-Q

QUARTERLY REPORT

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THE RANDERS GROUP INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS	March 31, 1992	December 31, 1991
CURRENT:		
Cash and cash equivalents	$1,113,329	$1,521,247
Accounts receivable; Less allowances of $46,500 and $43,500 for possible losses	1,052,760	947,177
Accounts receivable - affiliate	816,597	570,765
Refundable income taxes	114,774	105,763
Prepaid expenses and other	107,582	51,931
TOTAL CURRENT ASSETS	3,205,042	3,196,883
NET PROPERTY AND EQUIPMENT, less accumulated depreciation of $498,109 and $452,190	2,514,043	2,542,112
OTHER:		
Notes receivable:		
Stockholders	217,696	215,532
Affiliate	390,636	383,111
Goodwill, less accumulated amortization of $51,057 and $47,988	193,460	196,529
Miscellaneous	75,613	80,341
TOTAL OTHER ASSETS	877,405	875,513
	$6,596,490	$6,614,508

See accompanying notes to condensed consolidated financial statements.

THE RANDERS GROUP INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)
(Unaudited)

	March 31, 1992	December 31, 1991
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Note payable - bank	$ 1,041,940	$ 686,000
Accounts payable	437,221	823,420
Billings in excess of costs and estimated earnings on contracts in progress	78,975	18,000
Accrued compensation and other	136,687	119,575
Deferred income taxes	95,000	95,000
Current maturities of long-term debt	485,000	99,873
TOTAL CURRENT LIABILITIES	2,274,823	1,841,868
LONG-TERM DEBT, less current maturities	1,063,552	1,465,444
TOTAL LIABILITIES	3,338,375	3,307,312
STOCKHOLDERS' EQUITY:		
Common stock, $.0001 par - shares authorized 30,000,000; issued 14,097,500	1,410	1,410
Additional paid-in capital	1,536,816	1,517,555
Retained earnings	1,719,889	1,884,570
Treasury stock, at cost; 85,000 shares	-	(96,339)
TOTAL STOCKHOLDERS' EQUITY	3,258,115	3,307,196
	$ 6,596,490	$6,614,508

See accompanying notes to condensed consolidated financial statements.

THE RANDERS GROUP INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
REVENUES:		
Construction	$ 182,904	$3,550,577
Service/consulting	781,013	1,059,544
Rental and other	45,026	48,497
Total Revenues	1,008,943	4,658,618
COSTS AND EXPENSES:		
Construction costs	189,922	3,185,214
Cost of services/consulting	617,785	737,736
Rental and other costs	67,658	24,759
Selling, general and administrative expenses	352,525	405,706
Total Costs and Expenses	1,227,890	4,353,415
Operating income (loss)	(218,947)	305,203
OTHER INCOME (EXPENSES):		
Interest expense	(54,957)	(16,013)
Interest income	22,423	39,932
Other Income (Expense) - Net	(32,534)	23,919
Income (loss) before taxes on income	251,481	329,122
INCOME TAXES (REDUCTION)	(86,800)	114,200
NET INCOME (LOSS)	$ (164,681)	$ 214,922
NET INCOME (LOSS) PER SHARE	$ (.01)	$ .02
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES OUTSTANDING	14,035,349	13,173,333
DIVIDENDS DECLARED PER SHARE	$ .00	$ .00

See accompanying notes to condensed consolidated financial statements.

THE RANDERS GROUP INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
CASH FLOWS FROM (FOR) OPERATIONS:		
Cash received from customers	$ 601,768	$6,229,014
Cash paid to suppliers and employees	(1,392,802)	(6,178,000)
Interest received	12,734	30,620
Interest paid	54,857	(16,013)
Income taxes paid (refunded)	77,789	(414,812)
Net Cash From (For) Operations	(755,468)	(349,191)
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES:		
Capital expenditures	(17,850)	(682,018)
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES:		
Net proceeds from sale of common stock	26,225	988,831
Net borrowings on line of credit	355,940	197,000
Principal payments on loans	(24,825)	(16,471)
Proceeds of long-term debt	8,060	708,874
Net Cash From Financing Activities	365,400	1,878,134
NET INCREASE (DECREASE) IN CASH	(407,918)	846,925
Cash and cash equivalents, at beginning of period	1,521,247	1,073,770
Cash and cash equivalents, at end of period	$1,113,329	$1,920,695

See accompanying notes to condensed consolidated financial statements.

THE RANDERS GROUP INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
RECONCILIATION OF NET INCOME LOSS TO NET CASH FROM (FOR) OPERATIONS:		
Net income (loss)	$ (164,681)	$ 214,922
Depreciation and amortization	48,988	27,890
Provision for losses on accounts receivable	3,000	9,000
Noncash compensation	-	104,517
Changes in assets and liabilities:		
Accounts receivable	(468,150)	1,516,596
Prepaid expenses and other	(69,623)	(42,322)
Accounts payable	(183,089)	(1,864,801)
Billings in excess of costs and estimated earnings on contracts in progress	60,975	53,800
Accrued expenses	17,112	(368,793)
Net cash from (for) operations	$(755,468)	$ (349,191)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES
THREE MONTHS ENDED MARCH 31, 1992

The Company sold 85,000 shares of its common stock for $1.375 per share, or $115,600 after expenses of $1,275. In exchange, the Company received $27,500 in cash and a note receivable bearing interest at 5.75% per annum, for $89,375. The shares of stock sold had previously been held as treasury stock. The excess of the net sales price of the stock over its cost was credited to additional paid in capital.

THREE MONTHS ENDED MARCH 31, 1991

The Company issued 2,500 shares of common stock with a fair value of $817 as compensation.

The Company forgave $13,700 of stock subscriptions receivable in payment of compensation.

The Company forgave $90,000 of notes receivable in payment of compensation.

See accompanying notes to condensed consolidated financial statements.

THE RANDERS GROUP INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The Company provides design, project management, consulting, development and general contracting services to industrial and commercial clients throughout the United States. The Company considers such operations to constitute one business segment.

The condensed consolidated financial statements include the Company and all of its subsidiaries. On consolidation all material intercompany accounts and transactions are eliminated.

The condensed consolidated financial statements included herein are unaudited; however, such information reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods.

A portion of the Company's business is derived from long-term contracts, the income from which is recognized on the percentage-of-completion method. Results of operations for any quarter may include revisions to estimated earnings for such contracts that were recorded in prior periods and these revisions may again be adjusted in subsequent quarters as further information becomes available or the contracts are completed. The results of operations for the three months ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

These financial statements and notes should be read in conjunction with the Companys' audited consolidated financial statements for the year ended December 31, 1991.

NOTE 2 - NOTE PAYABLE - BANK

The Randers Group Incorporated has a line of credit which provides for advances up to $1,100,000. The line bears interest at the prime rate. The prime rate was 7.0% at December 31, 1991 and 6.5% at March 31, 1992.

The line of credit expired on May 1, 1992, and the Company is currently borrowing on the line based on an oral agreement with the bank. The bank has tentatively agreed to extend the agreement for another year on the same terms.

THE RANDERS GROUP INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 3 - INSURANCE COVERAGE

Due to the reduced availability and increased cost of insurance, management has determined that professional liability insurance for a portion of the Company's business is cost prohibitive at this time. Management is not aware of any uninsured claims which may be asserted against it.

NOTE 4 - NET INCOME LOSS PER SHARE

Net income (loss) per share is computed on the basis of the weighted average number of common and common equivalent shares outstanding during the period.

ITEM 2

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

The Company's construction and service/consulting operations normally do not require a significant investment in property and equipment or other long-term assets and, therefore, cash flows from operations, when viewed over an extended period of time, have been closely related to the profitability of the Company. Short-term needs for cash may develop as the service/consulting business expands and cash is consumed by operations prior to the collection of the related revenue. The construction business may provide temporary cash resources as amounts payable to subcontractors and suppliers are normally not due until after the related receivable from the client is collected.

The Company's rental operations do require a significant investment in real estate. These operations are normally financed, at least in part, by long-term debt as was the case during the fourth quarter of 1990 and the first quarter of 1991.

Operations consumed $755,000 of cash during the first quarter of 1992. A net loss of $165,000, combined with an increase of $468,000 in accounts receivable and a $122,000 net reduction in accounts payable and billing in excess of costs and estimated earnings on contracts in progress, accounted for the decrease as other miscellaneous items offset each other during the period. The decrease in accounts payable results from a slowdown in business operations and the payment of retainage and other payables on completed projects. The increase in accounts receivables relates to the joint development of a condominium project with an affiliate. The development is currently being funded by use of working capital and additional borrowings on the Company's line of credit. The use of $755,000 cash for operations and $18,000 to acquire furniture and equipment were offset by net borrowings of $356,000 on the line of credit and $26,000 derived from the sale of stock resulting in a net decrease in cash of $408,000 for the first quarter of 1992.

Management is not aware of any known trends, demands, commitments, events or uncertainties, other than the following, that will result in the Company's liquidity increasing or decreasing in any material way.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Beginning in 1991, the Company was required to pay income taxes in excess of those computed on financial statement income as one of the subsidiaries is no longer permitted to use the cash basis of accounting for income tax purposes. The remaining additional taxes are estimated to be $134,000 and will be paid over a two year period (1993 - 1994).

In January 1993, the Company is required to pay the remaining balance on a mortgage note. It is estimated that the balance will be approximately $400,000 at that time. To make the payment, the Company anticipates that a new source of long-term financing will be secured or the current agreement extended.

In May 1994, the Company is required to pay the remaining balance on another mortgage note. It is estimated that the balance will be $956,000 at that time. To make the payment, the Company anticipates that the current agreement will be extended or a new source of long-term financing will be secured.

The Company does not have any material commitment for capital expenditures which are outside the ordinary course of business.

Management does not contemplate or expect any change in capital resources of the Company, including any material changes in the mix or relative cost of such capital resources or any changes between debt and equity except as discussed. Accordingly, management expects that other future cash flow needs will be provided primarily from operations.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of which certain items in the Company's Condensed Consolidated Statements of Operations bear to revenues:

	Three Months Ended March 31,	
	1992	1991
Revenues	100.0%	100.0%
Operating Income (loss)	(21.7)%	6.6%
Other Income (Expenses)	(3.2)%	(.3)%
Income Taxes (Reduction)	(8.6)%	2.5%
Net Income (Loss)	(16.3)%	4.6%

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Continued)

Three Months Ended March 31, 1992 Compared to 1991

Revenues for the first quarter of 1992 were $1,009,000 compared to $4,659,000 for the same period in 1991, a decrease of 78%. Construction revenues decreased $3,368,000 (95%) as construction projects completed in 1991 were not replaced by new projects. Revenues from service/consulting fees were $781,00 for the first quarter of 1992 compared to $1,060,000 in 1991, a decrease of $279,000 (26.3%). The economic downturn has continued to delay the start of many new projects thus affecting both construction and fee based revenues.

The Company experienced a $219,000 loss from operations during the first three months of 1992 compared to income from operations of $305,000 during the same period of 1991. Construction operations reported a gross loss of $7,000 (3.8%) as a small amount of additional costs were realized on projects which were completed in 1991. Construction operations for the first quarter of 1991 had reported a gross profit of $365,000 (10.3%). Gross profit from service/consulting fees were $163,000 (20.9%) for the first quarter of 1992 compared to $322,000 (30.4%) in 1991. The decrease in gross profit percentage from service/consulting fees results primarily from the effects of fixed cost which can not be reduced in proportion to the decrease in related revenues. Selling, general and administrative expenses decreased $53,000 in 1992 when compared to the first quarter of 1991. Such costs, however, were 34.9% of revenue in 1992 compared to 8.7% of revenue of 1991. The reduction in selling, general and administrative cost relates primarily to staff and salary reductions which were put into effect during the third and fourth quarter of 1991.

Net interest expense was $33,000 for the first three months of 1992 compared to net interest income of $24,000 in 1991. Interest expense increased because of additional borrowings on the line of credit, and in addition, interest costs of approximately $18,500 on a construction/mortgage loan were capitalized during the first quarter of 1991 while such cost were charged to expense in 1992. Interest expense for the first quarter of 1992 would have been approximately $10,000 higher if the average prime rate of 9.3% during the first quarter of 1991 had not decreased to 6.5% during the first quarter of 1992.

PART II - OTHER INFORMATION

Items 1-5

Not applicable.

Item 6

6(a) Exhibit: Statement regarding Computation of Earnings Per Share.

6(b) Reports on Form 8-K: No reports on Form 8-K were filed with the Securities and Exchange Commission during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE RANDERS GROUP INCORPORATED

Date: 5/11/92

Thomas R Eurich

Thomas R. Eurich, President

Date: 5/11/92

Michael J. Krivitzky
Senior Vice President and Treasurer

Date: May 11, 1992

David a. Wiegerink

David A. Wiegerink, Vice President
Finance and Administration
Principal Accounting Officer

Statement Regarding Computation of Earnings (Loss) Per Share

Primary Earnings Per Share

Net income (loss) per share is computed on the basis of the weighted average number of common and common equivalent shares outstanding during each period. The number of shares used in computing net income (loss) per share for each of the periods included herein are as follows:

	Weighted Average Number of Common Shares Outstanding	Weighted Average Number of Common Equivalent Shares Outstanding	Total
Three Months Ended			
March 31, 1992	14,035,349	---	14,035,349
March 31, 1991	13,173,333	---	13,173,333

Common equivalent shares, calculated using the treasury stock method, include shares issuable under the Company's stock option plan.

Common equivalent shares were not used in computing net loss per share for the first quarter of 1992 as they would be antidilutive when a loss exist. For the first quarter of 1991 all common equivalent shares would have been antidilutive (would have resulted in increased earnings per share) as the outstanding stock options were exercisable at prices which were at or in excess of the market price.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarter Ended March 31, 1992 or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) of the Securities Exchange Act of 1934 for the Period __________ to __________.

Commission file number 33-28409

SILGAN HOLDINGS INC.
(Exact name of registrant as specified in its charter)

PROCESSED BY
11-11-X
MAY 15 1992

Delaware
(State of Incorporation)

06-1269834
(I.R.S. Employer Identification Number)

4 Landmark Square
Stamford, Connecticut
(Address of Principal Executive O

0690
(Zip Code)

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

Registrant's telephone number, including area code (203) 975-7110

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

As of May 13, 1992, the number of shares outstanding of each of the issuer's classes of common stock is as follows:

Classes of shares of common stock outstanding, $0.01 par value	Number of shares outstanding
Class A	417,500
Class B	417,500
Class C	50,000

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Part I. Financial Information
Item 1. Financial Statements

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	March 31, 1992 (unaudited)	March 31, 1991 (unaudited)	December 31, 1991
ASSETS			
Current assets:			
Cash and cash equivalents	$ 2,833	$ 1,955	$ 1,818
Accounts receivable, net	48,780	53,305	36,570
Inventories	93,499	115,212	80,548
Other current assets and prepaid expenses	2,574	2,889	3,897
Total current assets	147,686	173,361	122,833
Property, plant and equipment, net	230,208	243,952	230,501
Cost in excess of fair value of net assets acquired, net	18,720	19,302	18,919
Other assets	17,848	21,560	18,440
	$414,462	$458,175	$390,693
LIABILITIES AND DEFICIENCY IN STOCKHOLDERS' EQUITY			
Current liabilities:			
Working capital loans	$ 39,950	$ 42,450	$ 14,200
Current portion of term loan	27,084	25,694	27,084
Trade accounts payable	30,483	38,860	32,286
Accrued payroll and related costs	21,449	19,064	19,380
Accrued interest payable	2,099	2,376	4,829
Income taxes payable	800	289	640
Accrued expenses and other current liabilities	16,272	16,285	17,202
Total current liabilities	138,137	145,018	115,621
Working capital loans	6,100	9,500	7,000
Term loan	55,701	93,598	55,701
14% Senior subordinated notes	85,000	85,000	85,000
Debentures	182,431	154,937	174,760
Deferred income taxes	4,162	5,462	4,083
Other long-term liabilities	14,673	17,957	15,259
Minority interest-cumulative exchangeable redeemable preferred stock of Silgan	28,924	24,963	27,878
Class A common stock subject to put option	14,613	14,613	14,613
Deficiency in stockholders' equity:			
Class B and C common stock	5	5	5
Additional paid-in capital	18,609	18,609	18,609
Accumulated deficit	(133,893)	(111,487)	(127,836)
Total deficiency in stockholders' equity	(115,279)	(92,873)	(109,222)
	$414,462	$458,175	$390,693

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In Thousands)

	Three Months Ended	
	March 31, 1992	March 31, 1991
Net sales	$138,760	$154,446
Cost of goods sold	121,377	135,015
Gross profit	17,383	19,431
Selling, general and administrative expenses	8,111	8,906
Income from operations	9,272	10,525
Interest expense and other related financing costs	13,688	13,534
Minority interest expense	1,065	919
Other expense (income)	76	(55)
Loss before income taxes	(5,557)	(3,873)
Income tax provision	500	370
Net loss	$ (6,057)	$ (4,243)

See accompanying notes.

SILGAN HOLDINGS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In Thousands)

	Three Months Ended	
	March 31, 1992	March 31, 1991
Cash flows from operating activities:		
Net loss	$ (6,057)	$ (4,243)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	7,383	6,573
Amortization	1,173	1,178
Interest on senior reset debentures to be paid in additional debentures	7,663	5,706
Minority interest expense	1,065	919
Other items	(356)	(29)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(12,312)	6,821
(Increase) in inventories	(12,951)	(24,536)
(Decrease) in trade accounts payable	(1,803)	(3,874)
Other, net	(1,007)	1,323
Total adjustments	(11,145)	(5,919)
Net cash used by operating activities	(17,202)	(10,162)
Cash flows from investing activities:		
Capital expenditures	(6,633)	(5,605)
Net cash used in investing activities	(6,633)	(5,605)
Cash flows from financing activities:		
Borrowings under working capital loans	73,800	87,800
Repayments under working capital loans	(48,950)	(72,450)
Net cash provided by financing activities	24,850	15,350
Net increase (decrease) in cash and cash equivalents	1,015	(417)
Cash and cash equivalents at beginning of year	1,818	2,372
Cash and cash equivalents at end of period	$ 2,833	$ 1,955
Supplementary data:		
Income taxes paid, net of refunds	$ (85)	$ (215)
Interest paid	7,897	10,006

See accompanying notes.

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at March 31, 1992 and 1991 and for the
three months then ended is unaudited)
(Dollars in thousands)

1. Basis of Presentation

The accompanying condensed unaudited consolidated financial statements of Silgan Holdings Inc. ("Holdings" or the "Company") have been prepared in accordance with Rule 10-01 of Regulation S-X and, therefore, do not include all information and footnotes necessary for a fair presentation of financial position, results of operations and cash flows in conformity with generally accepted accounting principles. All adjustments of a normal recurring nature have been made, including appropriate estimates for reserves and provisions which are normally determined or settled at year end. In the opinion of the Company, however, the accompanying financial statements contain all adjustments (consisting solely of a normal recurring nature) necessary to present fairly Holdings' financial position as of March 31, 1992 and 1991 and December 31, 1991, and the results of operations and cash flows for the three months ended March 31, 1992 and 1991.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these financial statements be read in conjunction with the financial statements and notes included in Holdings' Annual Report on Form 10-K for the year ended December 31, 1991.

2. Inventories

Inventories consisted of the following:

	March 31, 1992	March 31, 1991	December 31, 1991
Raw materials and supplies	$ 19,607	$ 27,300	$ 21,078
Work-in-process	11,847	14,690	7,630
Finished goods	65,993	79,123	56,782
	97,447	121,113	85,490
Less allowance to value inventory at cost on the LIFO method	(3,948)	(5,901)	(4,942)
	$ 93,499	$115,212	$ 80,548

SILGAN HOLDINGS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Information at March 31, 1992 and 1991 and for the
three months then ended is unaudited)
(Dollars in thousands)

3. Minority Interest Expense

Since January 1, 1992, Silgan Corporation, a wholly owned subsidiary of Holdings ("Silgan"), has issued 10,454 shares of its preferred stock at $100 per share, representing its quarterly preferred stock dividend requirement for the period to February 15, 1992. An additional amount of $542 has been accrued, but not declared or paid for the period ended March 31, 1992.

4. Proposed Refinancing

In March 1992 Silgan filed a registration statement on Form S-1 for a proposed refinancing of its debt. On May 1, 1992 Silgan filed an amendment to such registration statement and the Company filed a registration statement on Form S-1 in connection with the proposed refinancing.

Item 2.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Three Months Ended March 31, 1992 Compared with Three Months Ended March 31, 1991

Net sales of metal containers increased $1.3 million to $88.2 million for the three months ended March 31, 1992, compared to $86.9 million for the same three month period in 1991. Sales of metal containers to Nestle Food Company increased $4.2 million to $49.8 million, compared to net sales of $45.6 million for the same period in 1991, primarily due to increased unit sales of pet food containers offset, in part, by the pass through of lower material costs. Sales of metal containers to other customers decreased $2.9 million to $38.4 million, compared to net sales of $41.3 million for the same period in 1991. The decrease was primarily due to lower unit sales volume as a result of the closing by the Company of two metal container manufacturing facilities and, to a lesser extent, from lower sales prices due to competitive pressures, offset by increased sales to certain customers.

Net sales of plastic containers were $47.5 million for the three months ended March 31, 1992, $16.6 million lower than net sales of plastic containers of $64.1 million for the same three month period in 1991. The decrease in net sales was primarily attributable to the disposition of the PET carbonated beverage bottle business in November 1991 which accounted for sales of $10.1 million during the first three months of 1991. The decrease in net sales of other plastic containers of $6.5 million was attributable to reduced unit volume due to lower customer demand and lower average sales prices due to the pass through of lower resin costs.

Sales of other containers totaled $3.1 million during the three month period ended March 31, 1992 as compared to $3.4 million for the same three month period in 1991.

Cost of goods sold was 87.5% of net sales ($121.4 million) for the three months ended March 31, 1992, compared to 87.4% of net sales ($135.0 million) for the same period in 1991. While as a percentage of sales cost of goods sold increased in 1992 due to higher depreciation charges and a lower amount of indirect manufacturing costs being capitalized due to a lower level of finished goods inventory as compared to March 31 1991, these effects were offset by manufacturing efficiencies primarily associated with the closing of four higher cost manufacturing plants in the latter part of 1991 and early 1992.

Selling, general and administrative expenses were 5.8% of net sales for the three months ended March 31, 1992 and 1991 ($8.1 million and $8.9 million, respectively). The $0.8 million decrease was principally attributable to cost savings generated from the reduction in administrative personnel as compared to the first quarter in 1991.

RESULTS OF OPERATIONS (Continued)

Income from operations as a percentage of net sales was 6.7% ($9.3 million) for the three months ended March 31, 1992, compared with 6.8% ($10.5 million) for the same period in 1991. The decrease in income from operations of $1.2 million was due primarily to a lower amount of indirect manufacturing costs being capitalized due to a lower level of finished goods inventory as compared to March 31, 1991, partially offset by lower selling, general and administrative expenses.

Interest expense increased by approximately $0.2 million to $13.7 million for the three months ended March 31, 1992. The increase was due to additional non-cash interest accruing at a higher rate on the higher balance of the Debentures offset, in part, by lower average interest rates incurred on a lower average balance of bank borrowings. As compared to the same period in 1991 average borrowings have declined due to tighter management of inventories and term loan repayments of $36.5 million.

The provisions for income tax for the three months ended March 31, 1992 and 1991 were comprised of state and foreign components.

As a result of the items discussed above, the net loss for the three months ended March 31, 1992 of $6.1 million was $1.9 million greater than the net loss for the three months ended March 31, 1991 of $4.2 million.

CAPITAL RESOURCES AND LIQUIDITY

The Company's liquidity requirements arise primarily from its obligations under the Holdings' Reset Debentures and the indebtedness incurred in connection with its acquisitions, capital investment in new and existing equipment and the funding of the Company's seasonal working capital needs. Historically, the Company has met these liquidity requirements through cash flow generated from operating activities and borrowings of working capital loans.

For the first three months of 1992 cash increased by $1.0 million. Borrowings of $24.8 million of working capital loans were used to fund cash used by operations of $17.2 million and capital expenditures of $6.6 million. For the three months ended March 31, 1991 borrowings of $15.3 million were used to fund capital expenditures of $5.6 million and cash used by operations of $10.2 million. Cash used by operations during the first three months of 1991 reflected the benefit of a payment of $16 million in early 1991 by a major customer on an account normally settled by the prior year's end.

Approximately one-third of the Company's revenues are generated in the third quarter of the year. As is common in the packaging industry, the Company must access working capital to build inventory and then carry accounts receivable for some customers beyond the end of the summer and fall packing season. Seasonal accounts are generally settled by year end. During the first quarter of 1992 cash used by operations was used primarily to fund the Company's seasonal working capital needs.

CAPITAL RESOURCES AND LIQUIDITY (Continued)

As of March 31, 1992, the outstanding principal amount of working capital loans was $46.1 million and, subject to a borrowing base limitation and taking into account outstanding letters of credit, the unused portion of working capital commitments at such date was $72.1 million. The amount of working capital loans outstanding at March 31, 1992 was $5.9 million less than the amount outstanding at March 31, 1991. The decrease in working capital loans primarily reflected the Company's emphasis on tighter management of inventories.

Holdings and Silgan plan to effect a refinancing of a substantial portion of their indebtedness (the "Refinancing"). The Refinancing is intended to (i) lower Holdings' consolidated average cost of indebtedness by retiring Silgan's 14% Senior Subordinated Notes due 1997 (the "14% Notes") and the Holdings' Reset Debentures with the proceeds of new indebtedness bearing lower interest rates, (ii) improve Silgan's liquidity and ability to further repay indebtedness by eliminating Silgan's obligation to pay cash dividends on Silgan's 15% Cumulative Exchangeable Redeemable Preferred Stock (the "Silgan Preferred Stock") through the redemption by Silgan on August 16, 1992 of all of the outstanding Silgan Preferred Stock (the "Preferred Stock Redemption") and by deferring the cash interest requirements on Holdings' indebtedness for an additional two years (until December 1996), (iii) provide Holdings and Silgan with additional financial flexibility by eliminating restrictions in the indenture relating to the 14% Notes on Silgan's ability to pay dividends to Holdings in order to fund interest payments on Holdings' indebtedness through the redemption by Silgan on August 16, 1992 of all of the outstanding 14% Notes (the "14% Notes Redemption") and (iv) extend the average length of maturity of Silgan's indebtedness by prepaying $30 million of bank term loans and by retiring the 14% Notes.

The Refinancing includes the following components: (i) the public offering by Silgan of $110 million principal amount of its Senior Subordinated Notes due 2002; (ii) the private placement by Silgan of $75 million principal amount of Senior Secured Floating Rate Notes due 1997 with certain institutional investors; (iii) the public offering by Holdings of its Senior Discount Debentures due 2002 for an aggregate amount of proceeds of $165 million; (iv) the amendment of the credit agreement among Silgan and certain of its subsidiaries, the lenders named therein and Bankers Trust Company, as agent (as so amended, the "Amended Credit Agreement"), followed by the borrowing by Silgan of approximately $13.5 million of working capital loans and the prepayment of $30 million of term loans under the Amended Credit Agreement; (v) the 14% Notes Redemption; (vi) the Preferred Stock Redemption; (vii) the repayment by Silgan of a $25.2 million advance from Holdings and the payment by Silgan to Holdings of a $13.5 million dividend; (viii) the payment by Holdings in cash of $15.3 million of interest payable on July 1, 1992 on the Holdings Reset Debentures; (ix) the redemption by Holdings in July 1992 of all of the Holdings Reset Debentures; and (x) the payment of transaction fees and expenses of $14.6 million related to the Refinancing.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K and Form 8

On January 29, 1992 Silgan Holdings Inc. filed a Form 8, Amendment No. 1 to the Company's Current Report on Form 8-K filed December 2, 1991, appending the following unaudited pro forma information of Silgan Holdings Inc.: statement of operations for the period ended September 30, 1991, consolidated balance sheet as of September 30, 1991 and statement of operations for the year ended December 31, 1990, all after giving effect to the disposition by the Company of its carbonated beverage bottle business.

On March 20, 1992 Silgan Holdings Inc. filed a Current Report on Form 8-K regarding a refinancing of Silgan's indebtedness.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

SILGAN HOLDINGS INC.

By__________________________
Harley Rankin, Jr.
Executive Vice President, Chief
Financial Officer and Treasurer
(Principal Financial Officer)

____
Harold J. Rodriguez, Jr.
Controller
(Chief Accounting Officer)

May 13, 1992
(Date)

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

Quarterly Report under Section 13 or 15(d) of
the Securities Exchange Act of 1934

For Quarter Ended March 31, 1992 Commission file number 33-28562

Starlight Acquisitions, Inc.
(Exact name of registrant as specified in its charter)

Colorado (State or other jurisdiction of incorporation or organization)	84-1107575 (I.R.S. Employer Identification No.)
1328 Starwood Lane, Evergreen CO (Address of principal executive offices)	80439 (Zip code)

Registrants telephone number, including area code: (303) 674-8953

____
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No__

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 113,292,000 as of March 31, 1992

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STARLIGHT ACQUISITIONS, INC.
(A Development Stage Company)

BALANCE SHEET
(unaudited)

	March 31, 1992	December 31, 1991
ASSETS		
Current assets:		
Cash and cash equivalents	$170,321	$169,684
Total current assets	170,321	169,684
Other assets:		
Organizational cost - net of amortization	192	217
Total other assets	192	217
TOTAL ASSETS	$170,513	$169,901
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	1,488	98
Accounts payable, related parties	115	54
Income taxes payable	---	---
Total current liabilities	1,603	152
Stockholders' equity:		
Common stock, $0.0001 stated value (Note C) Authorized - 3,000,000,000 shares Issued and outstanding - 113,292,000 shares	11,329	11,329
Preferred stock, no par value, 2,000,000 shares authorized, no shares outstanding	-	-
Additional paid-in capital	167,153	167,003
Retained Earnings (deficit)	(9,572)	(8,583)
Total stockholders' equity	168,910	169,749
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	$170,513	$169,901

The accompanying notes are an integral part of the financial statements.

STARLIGHT ACQUISITIONS, INC.
(A Development Stage Company)

STATEMENT OF OPERATIONS
(unaudited)

	Three months ending March 31,	
	1992	1991
Revenue, interest earned	1,624	3,058
Expenses, general and administrative	2,613	2,230
Provision for income taxes	-	124
Net income (loss) for period	$ (989)	$ 704
Net income (loss) per share	$ (--)	$ --
Weighted average number of common shares outstanding	113,292,000	113,292,000

The accompanying notes are an integral part of the financial statements.

STARLIGHT ACQUISITIONS, INC.
(A Development Stage Company)

STATEMENT OF CASH FLOWS
(Unaudited)

	Three months ending March 31, 1992	Three months ending March 31, 1991
Cash flows from operating activities:		
Cash provided by interest earned	1,624	$3,058
Cash expenses paid	2,438	2,179
Net cash provided (used) by operating activities	(814)	879
Cash flows from investing activities:		
Net cash provided (used) by investing activities	--	--
Cash flows from financing activities:		
Increase (decrease) in accounts payable	1,451	406
Net cash provided by financing activities	1,451	406
Increase in cash	637	1,285
Cash at beginning of period	169,684	181,933
Cash at end of period	$170,321	$183,218

The accompanying notes are an integral part of the financial statements.

STARLIGHT ACQUISITIONS, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

March 31, 1992

NOTE A - ORGANIZATION AND NATURE OF BUSINESS

Starlight Acquisitions, Inc. (the "Company") was incorporated on January 20, 1989 (inception), under the laws of the state of Colorado. The Company's primary purpose is to evaluate, structure and complete a merger with, or acquisition of, prospects consisting of private companies, partnerships, or sole proprietorships. Initially, the primary activity of the Company, which is in the development stage, was directed towards organizational efforts and obtaining initial financing. Since the Company's initial public offering was closed in October 1989, the focus of activity has been in seeking a suitable merger candidate.

The accompanying unaudited financial statements have been prepared in accordance with Rule 10-01 of Regulation S-X and do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the period ended March 31, 1992, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 1992.

NOTE B - COMMITMENTS

The Company may pay a finder's fee to a non-affiliate for locating a merger or acquisition candidate at the discretion of the Board of Directors. The Company is unable to predict the actual cost of such a fee, if any, but it is not anticipated that it would exceed $15,000.

The Company must file post-effective amendments to its original registration with the Securities and Exchange Commission in order to permit exercise of its warrants and may be required to file an additional registration of the Underwriter's shares. The cost to be incurred by the Company for such post-effective amendments and a subsequent registration may be substantial.

STARLIGHT ACQUISITIONS, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS
(Unaudited)

March 31, 1992

NOTE C - RELATED PARTY TRANSACTIONS

The president of the Company is providing office space at no charge to the Company. For purposes of financial statements, the Company is recording $50 rent per month as additional paid-in capital.

None of the Company's Officers and Directors currently receive any salary from the Company. However, they may be paid a maximum of $40 per hour for time actually spent to a maximum of $20,000 and reimbursed for actual expenses incurred in connection with searching for and investigating merger and acquisition candidates. Directors may also be paid $200 for each Board of Directors meeting attended. To date, other than out of pocket expenses, no such compensation has been paid.

STARLIGHT ACQUISITIONS, INC.
(A Development Stage Company)

March 31, 1992

ITEM 2.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial statements for the fiscal quarter ended March 31, 1992, reflect results of the Company's operations which consisted primarily of management seeking out and evaluating merger candidates. Changes in the financial condition of the Company resulting from operations are nominal, representing interest income earned on certificates of depostit and the expenses incurred by the Company in evaluating potential merger candidates and preparation of the annual report on Form 10-K.

PART II

ITEM 5.OTHER INFORMATION

None

ITEM 6.EXHIBITS AND REPORTS ON FORM 8-K

No reports on Form 8-K were made for the period for which this report is filed.

STARLIGHT ACQUISITIONS, INC.
(A Development Stage Company)

March 31, 1992

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Starlight Acquisitions, Inc.

R Haydn Silleck

Date: May 15, 1991

R. Haydn Silleck, President
and Chief Financial Officer

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarter ended: March 31, 1992

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from ________ to ________

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Commission file number 0 - 14874.

STATE BANCORP, INC.
(Exact name of registrant as specified in its charter)

NEW YORK	11 - 2846511
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
699 Hillside Avenue, New Hyde Park, N.Y.	11040
(Address of principal executive offices)	(Zip Code)

(516) 437-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 2,769,022 shares of common stock outstanding as of April 30, 1992.

STATE BANCORP, INC.

FORM 10-Q

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PART I. FINANCIAL INFORMATION

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Item 1. Financial Statements

Consolidated Balance Sheets – March 31, 1992 and December 31, 1991 (Unaudited) 1.

Statements of Consolidated Earnings For The Three Months Ended March 31, 1992 and 1991 (Unaudited) 2.

Statements of Consolidated Cash Flows for The Three Months Ended March 31, 1992 and 1991 (Unaudited) 3.

Consolidated Statements of Stockholders' Equity For The Three Months Ended March 31, 1992 and 1991 (Unaudited) 4

Notes to Unaudited Consolidated Financial Statements 4.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 5.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings – None N/A

Item 2. Changes in Securities – None N/A

Item 3. Defaults upon Senior Securities – None N/A

Item 4. Submission of Matters to a Vote of Security Holders – None N/A

Item 5. Other Information – None N/A

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SIGNATURES 10.

ITEM 1 – FINANCIAL STATEMENTS

STATE BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
MARCH 31, 1992 AND DECEMBER 31, 1991 (UNAUDITED)

	1992	1991
ASSETS:		
CASH & DUE FROM BANKS	$8,515,421	$7,069,155
INVESTMENT SECURITIES (APPROXIMATE MARKET VALUE – $122,566,012 IN 1992 AND $79,831,372 IN 1991)	121,880,670	76,017,837
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	33,900,000	6,800,000
LOANS – NET	195,607,697	192,935,904
BANK PREMISES AND EQUIPMENT – NET	1,997,161	1,375,038
OTHER ASSETS	8,899,727	4,940,933
TOTAL ASSETS	$370,800,676	$289,138,867
LIABILITIES:		
DEPOSITS:		
DEMAND	$32,290,119	$31,275,207
SAVINGS	161,799,435	85,470,235
TIME	147,010,667	125,198,572
TOTAL DEPOSITS	341,100,221	241,944,014
FEDERAL FUNDS PURCHASED		18,000,000
ACCRUED EXPENSES, TAXES AND OTHER LIABILITIES	611,566	743,703
TOTAL LIABILITIES	341,711,787	260,687,717
STOCKHOLDERS' EQUITY:		
COMMON STOCK, $5.00 PAR VALUE, ISSUED 2,769,022 IN EACH OF 1992 AND 1991	13,845,110	13,845,110
SURPLUS	7,729,990	7,729,990
RETAINED EARNINGS	7,513,789	6,876,050
TOTAL STOCKHOLDERS' EQUITY	29,088,889	28,451,150
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$370,800,676	$289,138,867

ITEM 1 – FINANCIAL STATEMENTS (CONTINUED)

STATE BANCORP, INC. AND SUBSIDIARY
STATEMENTS OF CONSOLIDATED EARNINGS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991 (UNAUDITED)

	THREE MONTHS	
	1992	1991
INTEREST INCOME:		
LOANS AND LEASE FINANCINGS	$4,067,044	$4,716,236
FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	194,171	194,341
INVESTMENT SECURITIES:		
U.S. TREASURY SECURITIES	787,331	1,038,741
STATES AND POLITICAL SUBDIVISIONS	222,664	635,365
MORTGAGE-BACKED SECURITIES	463,529	7,683
OTHER	3,259	5,842
TOTAL INTEREST INCOME	5,737,998	6,598,208
INTEREST EXPENSE:		
TIME CDs OF $100,000 OR MORE	632,751	1,615,534
OTHER DEPOSITS AND TEMPORARY BORROWINGS	2,304,418	2,450,369
TOTAL INTEREST EXPENSE	2,937,169	4,065,903
NET INTEREST INCOME	2,800,829	2,532,305
PROVISION FOR POSSIBLE CREDIT LOSSES	775,000	225,000
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE CREDIT LOSSES	2,025,829	2,307,305
OTHER INCOME:		
SERVICE CHARGES ON DEPOSIT ACCOUNTS	112,008	84,499
NET SECURITY GAINS	801,123	84,385
OTHER OPERATING INCOME	47,282	26,547
TOTAL OTHER INCOME	960,413	195,431
INCOME BEFORE OPERATING EXPENSES	2,986,242	2,502,736
OPERATING EXPENSES:		
SALARIES AND OTHER EMPLOYEE BENEFITS	1,091,470	938,620
OCCUPANCY	187,570	176,872
EQUIPMENT	153,166	101,316
DEPOSIT ASSESSMENT FEES	140,206	115,033
OTHER OPERATING EXPENSES	486,452	450,944
TOTAL OPERATING EXPENSES	2,058,864	1,782,785
INCOME BEFORE INCOME TAXES	927,378	719,951
PROVISION FOR INCOME TAXES	289,639	83,018
NET INCOME	$637,739	$636,933
EARNINGS PER COMMON SHARE	$0.23	$0.23
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	2,769,022	2,769,022

ITEM 1 – FINANCIAL STATEMENTS (CONTINUED)

STATE BANCORP, INC. AND SUBSIDIARY
STATEMENTS OF CONSOLIDATED CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991 (UNAUDITED)

	1992	1991
OPERATING ACTIVITIES:		
NET INCOME	$637,739	$636,933
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
PROVISION FOR POSSIBLE CREDIT LOSSES	775,000	225,000
DEPRECIATION AND AMORTIZATION	130,437	63,243
ACCRETION OF NET DISCOUNT ON INVESTMENT SECURITIES	(28,055)	(607,365)
NET SECURITIES GAINS	(801,123)	(64,385)
NET GAIN ON SALE OF BANK PREMISES & EQUIPMENT	(1,100)	
INCREASE IN OTHER ASSETS	(3,958,794)	(1,047,123)
(DECREASE)/INCREASE IN ACCRUED EXPENSES, TAXES & OTHER LIABILITIES	(132,137)	20,606
NET CASH USED BY OPERATING ACTIVITIES	(3,378,033)	(773,091)
INVESTING ACTIVITIES:		
PROCEEDS FROM SALES OF INVESTMENT SECURITIES	21,912,312	18,435,192
PROCEEDS FROM MATURITIES OF INVESTMENT SECURITIES	1,054,290	2,433,933
PURCHASES OF INVESTMENT SECURITIES	(68,000,257)	(76,278,091)
(INCREASE)/DECREASE IN FEDERAL FUNDS SOLD AND SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL	(27,100,000)	15,550,000
INCREASE IN LOANS – NET	(3,446,793)	(5,692,147)
PURCHASES OF BANK PREMISES & EQUIPMENT	(758,960)	(52,766)
PROCEEDS FROM SALE OF BANK PREMISES & EQUIPMENT	7,500	2,353
NET CASH USED IN INVESTING ACTIVITIES	(76,331,908)	(45,601,526)
FINANCING ACTIVITIES:		
INCREASE IN DEMAND & SAVINGS DEPOSITS	77,344,112	11,652,018
INCREASE IN TIME DEPOSITS	21,812,095	2,395,964
(DECREASE)/INCREASE IN FEDERAL FUNDS PURCHASED	(18,000,000)	15,000,000
INCREASE IN OTHER SHORT-TERM BORROWED FUNDS	0	14,350,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	81,156,207	43,397,982
NET INCREASE / (DECREASE) IN CASH & DUE FROM BANKS	1,446,266	(2,976,635)
CASH & DUE FROM BANKS – JANUARY 1	7,069,155	7,896,528
CASH & DUE FROM BANKS – MARCH 31	$8,515,421	$4,919,893
SUPPLEMENTAL DISCLOSURES:		
INTEREST PAID	$2,886,250	$4,004,274
TAXES PAID	$214,169	$151,819

ITEM 1 – FINANCIAL STATEMENTS (CONTINUED)

STATE BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991 (UNAUDITED)

	COMMON STOCK	SURPLUS	RETAINED EARNINGS	TOTAL
BALANCE, JANUARY 1, 1992	$13,845,110	$7,729,990	$6,876,050	$28,451,150
NET INCOME			637,739	637,739
BALANCE, MARCH 31, 1992	$13,845,110	$7,729,990	$7,513,789	$29,088,889
BALANCE, JANUARY 1, 1991	$12,586,465	$5,779,090	$7,770,287	$26,135,842
NET INCOME			636,933	636,933
BALANCE, MARCH 31, 1991	$12,586,465	$5,779,090	$8,407,220	$26,772,775

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENT PRESENTATION

In the opinion of the management of State Bancorp, Inc. (the "Company"), the preceding unaudited consolidated financial statements contain all adjustments, consisting of normal accruals, necessary for a fair presentation of its financial condition as of March 31, 1992 and December 31, 1991 and its results of operations and changes in cash flows and stockholders' equity for the three months ended March 31, 1992 and 1991. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10–K.

STOCKHOLDERS' EQUITY

Common shares issued have been adjusted to reflect a 10% stock dividend issued on July 12, 1991.

EARNINGS PER SHARE

Earnings per share are computed based on the weighted average number of common shares outstanding after giving retroactive effect to stock dividends and splits.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

1. **Material changes in financial condition** - As of March 31, 1992, the Company's total assets were $370,801,000, an increase of 28.2% when compared to December 31, 1991. Growth in the investment securities portfolio of $45,863,000 or 60.3%, principally U. S. Government obligations and mortgage-backed issues in the 2 - 5 year maturity range, along with a higher level of short-term money market instruments (up $27,100,000) accounted for much of the increase in assets. Due to the continued sluggishness affecting the Long Island economy, the Company's loan portfolio expanded by only $3,447,000 or 1.8% during the first quarter of 1992, significantly less than growth experienced during the past two years. Funding the expansion in assets was growth in all deposit categories, principally core savings products, which were up $76,329,000, due to the acquisition of two branches ($94,600,000 in total deposits) in the Company's Long Island marketplace. Management of the Company anticipates that the short-term asset liquidity arising from the acquisition will be invested in longer-term investment securities and loans by the end of the second quarter.

    Average total assets for the first quarter of 1992 were $315,766,000, up $6.5% versus the comparable 1991 period due to a $19,538,000 or 10.9% increase in average total loans. A $7,537,000 increase in Federal funds sold and securities purchased under agreements to resell was offset by a $7,565,000 decline in investment securities resulting from a restructuring of the portfolio in 1992. An increase in Federal funds purchased and securities sold under agreements to repurchase (up $13,095,000) was largely responsible for funding the increase in assets as total deposits expanded by only 1.5% on a year-to-year basis. Comparisons of subsequent 1992 quarters versus comparable 1991 periods will show asset growth supported by higher levels of deposits resulting from the aforementioned branches purchased.

    The Company's liquidity position is positive, though not excessive, as approximately 60% of earning assets are due to mature or reprice within one year. Further detail on the Company's liquidity and interest-sensitivity position may be obtained from Table 2-1 that follows this analysis. In addition, the Company maintains $21,000,000 in available unsecured lines of credit with correspondent banks.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Despite the branch purchases previously discussed and the resultant increase in assets of approximately 33%, the Company's capital adequacy ratios continue to be well in excess of regulatory guidelines. The following table summarizes the Company's March 31, 1992 capital ratios and compares them to regulatory requirements at the date:

At March 31, 1992	State Bancorp, Inc.	Regulatory Minimum
Tangible Tier I Leverage Ratio	6.96%	3.00% 1)
Tier I Capital/Risk-Adjusted Assets	11.53%	3.625% 2)
Total Capital/Risk-Adjusted Assets	13.03%	7.25% 2)

1) Ratio shown is the minimum applicable to banks and bank holding companies with the highest supervisory rating. All other institutions must maintain a minimum ratio of 4.00% - 5.00%.

2) The minimum ratios required will increase to 4% and 8% for Tier I and Total Capital/Risk-Adjusted Assets, respectively, on December 31, 1992.

2. **Material changes in results of operations** - For the three months ended March 31, 1992, net income amounted to $637,739, a 0.1% increase over the comparable 1991 period. Net interest income advanced by 10.6% due to a $19,509,000 or 6.8% increase in average interest-earning assets, principally loans. Additionally, other income improved by $765,000 due to a substantial increase in net security gains realized in connection with the restructuring of the Company's investment portfolio discussed previously. These positive factors were offset by a $550,000 increase in the provision for credit losses during the first quarter of 1992 coupled with higher operating expenses and an increased effective tax rate.

   The higher credit loss provision was due to an increase in nonperforming assets during the first quarter of 1992. Management of the Company considers the March 31, 1992 allowance for credit losses balance to be adequate based upon its belief that the great majority of nonperforming assets are well collateralized. A further review of the Company's nonperforming assets may be found in Table 2-2 following this analysis. The increase in operating expenses resulted from additions to staff, increases in the cost of employee health care, higher FDIC insurance premiums and increased depreciation expense related to the Company's recent expansion of its in-house data center. The Company's effective tax rate increased from 11.5% in 1991 to 31.2% in 1992 due to the aforementioned security gains which were taxed at a combined Federal and state marginal rate of 41.8%.

ITEM 2 - TABLE 2-1

STATE BANCORP, INC.
INTEREST SENSITIVITY ANALYSIS
AS OF MARCH 31, 1992

(IN THOUSANDS)

	SENSITIVITY TIME HORIZON						
	Immediately Repriceable and Over 1-30 Days	2 Months thru 6 Months	6 Months thru 12 Months	1 Year Thru 2 Years	2 Year Thru 5 Years	OVER 5 YRS & Noninterest Sensitive	TOTAL
ASSETS:							
- LOANS (NET OF UNEARNED DISCOUNT)							
FLOATING	$111,894	$1,640	$2,804	$0	$576	$0	$116,914
FIXED	8,771	6,995	3,711	0	37,462	16,007	72,946
NONACCRUAL	0	0	0	0	0	9,563	9,563
TOTAL LOANS	120,665	8,635	6,515	0	38,038	25,570	199,423
- FED FUNDS SOLD & S.P.U.A.R.	33,900	0	0	0	0	0	33,900
- INVESTMENT SECURITIES							
U.S. GOVERNMENT	0	0	0	16,482	36,274	14,162	66,918
MUNICIPAL	350	16,640	2,392	40	40	563	20,025
MORTGAGE-BACKED AND OTHER	0	0	0	0	0	34,938	34,938
TOTAL INVESTMENT SECURITIES	350	16,640	2,392	16,522	36,314	49,663	121,881
TOTAL INT. SENSITIVE ASSETS	154,915	25,275	8,907	16,522	74,352	75,233	355,204
- ALL OTHER ASSETS (NET OF ALLOWANCE)	0	0	0	0	0	15,597	15,597
TOTAL ASSETS	$154,915	$25,275	$8,907	$16,522	$74,352	$90,830	$370,801
LIABILITIES:							
- SAVINGS DEPOSITS AND N.O.W. ACCOUNTS	$96,866	0	0	0	0	0	96,866
- C / D'S UNDER $100M	28,540	47,878	11,543	0	15,688	0	103,649
- C / D'S OVER $100M	17,133	20,376	2,649	0	3,204	0	43,362
- MONEY FUND ACCOUNTS	64,933	0	0	0	0	0	64,933
- BORROWED FUNDS	0	0	0	0	0	0	0
TOTAL INT. SENSITIVE LIABILITIES	207,472	68,254	14,192	0	18,892	0	308,810
- ALL OTHER LIABILITIES, EQUITY, & DDA	0	0	0	0	0	61,991	61,991
TOTAL LIABILITIES & EQUITY	$207,472	$68,254	$14,192	$0	$18,892	$61,991	370,801
NET SENSITIVITY GAP	($52,557)	($42,979)	($5,285)	$16,522	$55,460	$28,839	$0
CUMULATIVE SENSITIVITY GAP	X	($95,536)	($100,821)	($84,299)	($28,839)	$0	$0
CUMULATIVE INT. SENSITIVITY RATIO	74.7 %	65.4 %	65.2 %	70.9 %	90.7 %	100.0 %	100.0 %

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (CONTINUED)

TABLE 2 – 2

STATE BANCORP, INC.
ANALYSIS OF NONPERFORMING ASSETS AND THE ALLOWANCE FOR CREDIT LOSSES
MARCH 31, 1992 VERSUS DECEMBER 31, 1991 AND MARCH 31, 1991

(DOLLARS IN THOUSANDS)

	PERIOD ENDED:		
NONPERFORMING ASSETS BY TYPE	3/31/92	12/31/91	3/31/91
NONACCRUAL	$9,563	$5,784	$2,960
90 DAYS OR MORE PAST DUE	4,252	5,518	3,381
RESTRUCTURED	212	97	109
OTHER REAL ESTATE OWNED	0	275	215
TOTAL NONPERFORMING ASSETS	$14,027	$11,674	$6,665

	QUARTER ENDED:		
ANALYSIS OF THE ALLOWANCE FOR CREDIT LOSSES	3/31/92	12/31/91	3/31/91
BEGINNING BALANCE	$3,039	$2,568	$1,881
ADD: PROVISION	775	1,050	225
LESS: NET CHARGE–OFFS/(RECOVERIES)	(1)	579	(2)
ENDING BALANCE	$3,815	$3,039	$2,108

ALLOWANCE FOR CREDIT LOSSES AS A % OF PERIOD – END:			
TOTAL LOANS	1.91%	1.55%	1.16%
NONACCRUAL LOANS	39.89%	52.54%	71.22%
NONPERFORMING ASSETS	27.20%	26.03%	31.63%

Part II

Item 6 - Exhibits and Reports on Form 8-K

On February 19, 1992, the Company filed a report on Form 8-K indicating that on February 13, 1992, its principal subsidiary, State Bank of Long Island, had signed an agreement to purchase a banking office and approximately $25 million in deposits from the Dime Savings Bank of Williamsburgh. Subject to regulatory approval, State Bank of Long Island will assume control of the branch located in Huntington, N.Y. during the second quarter of 1992.

On March 20, 1992, the Company filed a report on Form 8-K indicating that as of the same date, its principal subsidiary, State Bank of Long Island, had signed an agreement to purchase a banking office and approximately $17 million in deposits from the North Side Savings Bank. Subject to regulatory approval, State Bank of Long Island will assume control of the branch located in Garden City, N.Y. during the second quarter of 1992.

SIGNATURES

Persuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STATE BANCORP, INC.

5/13/92
Date

Daniel T. Rowe, Secretary
(Principal Financial Officer)

5/13/92
Date

Brian K. Finneran, Comptroller

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED MARCH 31, 1992 COMMISSION FILE NO. 0-3415

STV GROUP, INCORPORATED
(Exact name of registrant as specified in its charter)

Pennsylvania	23-1698231
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification)

11 Robinson Street, Pottstown, Pennsylvania	19464
(Address of principal executive offices)	(Zip Code)

(215) 326-4600
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:

Common Stock $1.00 par value
(Title of class)

As of March 31, 1992, there were 1,572,265 shares of common stock of the registrant outstanding.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months, (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO____

BEST COPY AVAILABLE

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

STV GROUP, INC., AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

UNAUDITED

	March 31, 1992	September 30, 1991
Current Assets		
Cash	$ 861,000	$ 145,000
Accounts Receivable	21,268,000	19,361,000
Costs and Estimated Profits of Uncompleted Contracts in Excess of Related Billings	10,593,000	10,576,000
Deferred tax benefits	633,000	633,000
Other Current Assets	1,249,000	1,016,000
Total Current Assets	34,604,000	31,731,000
Property and Equipment	9,639,000	9,881,000
Less Accumulated Depreciation	7,551,000	7,702,000
Net Property and Equipment	2,088,000	2,179,000
Other Assets	1,341,000	1,429,000
TOTAL	$38,033,000	$35,339,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes and Accounts Payable	$20,154,000	$18,023,000
Accrued Wages and Expenses	3,850,000	4,503,000
Billings on Uncompleted Contracts in Excess of Related Costs	4,033,000	2,406,000
Income Taxes	266,000	487,000
Total Current Liabilities	28,303,000	25,419,000
Long-Term Debt	1,843,000	2,058,000
Stockholders' Equity		
Preferred Stock	0	0
Common Stock	1,672,000	1,672,000
Capital Surplus	2,152,000	2,152,000
Retained Earnings	4,334,000	4,309,000
Total	8,158,000	8,133,000
Less: Treasury Stock	271,000	271,000
Total Stockholders' Equity	7,887,000	7,862,000
Total	$38,033,000	$35,339,000

STV GROUP, INC., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

UNAUDITED

	SIX MONTHS ENDED March 31 1992	SIX MONTHS ENDED March 31 1991
Operating Activities		
Net Income	$ 24,000	$ 164,000
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and Amortization	342,000	396,000
Provision Deferred Taxes	(209,000)	(1,213,000)
Other	54,000	(142,000)
Changes in Operating assets and liabilities		
Accounts Receivable	(1,907,000)	(932,000)
Costs of uncompleted contracts in excess of billings and prepaid expenses	(249,000)	282,000
Accounts Payable and accrued expenses	1,854,000	1,501,000
Billing in excess of related costs	1,627,000	2,076,000
Current Income Taxes	(12,000)	7,000
Proceeds from stock contribution to Employee Stock Ownership Program (ESOP)	---	150,000
Net Cash provided by (used in) operating Activities	$ 1,524,000	$ 2,289,000
Investing Activities		
Purchase of Property and Equipment	(221,000)	(176,000)
Purchase of Software	(31,000)	(32,000)
Decrease (Increase) in other assets	34,000	56,000
Net Cash used in investing activities	$ (218,000)	$ (152,000)
Financing Activities		
Proceeds from line of credit and long term borrowings	20,837,000	4,540,000
Principal payments on line of credit and long term borrowings	(21,427,000)	(6,120,000)
Net Cash (used in) provided by financing activities	$ (590,000)	$(1,580,000)
Increase (decrease) in cash and equivalents	716,000	557,000
Cash and equivalents at beginning of year	145,000	131,000
Cash and equivalents at end of period	$ 861,000	$ 688,000

STV GROUP, INC., AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

UNAUDITED

	THREE MONTHS ENDED March 31		SIX MONTHS ENDED March 31	
	1992	1991	1992	1991
Net Sales and Income				
From Services	$17,890,000	$17,559,000	$35,357,000	$35,588,000
Costs and Expenses				
Costs of Services and Sales	16,221,000	15,541,000	31,992,000	31,533,000
Selling, Administrative and General Expenses	1,289,000	1,568,000	2,548,000	3,017,000
Minority Interest in Joint Venture	46,000	(91,000)	54,000	(142,000)
Interest	354,000	413,000	721,000	894,000
Total Costs and Expenses	17,910,000	17,431,000	35,315,000	35,302,000
Income Before Income Taxes	(20,000)	128,000	42,000	286,000
Income Taxes	(9,000)	55,000	18,000	122,000
Net Income From Continuing Operations	$ (11,000)	$ 73,000	$ 24,000	$ 164,000
Earning Per Common Share				
Primary Earning Per Share	$ .00	$ .05	$ .02	$ .11
Weighted Average Common Shares	1,572,265	1,535,468	1,572,265	1,525,945

Notes to Consolidated Condensed Financial Statement

March 31, 1992

Note A - Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with the instruction to Form 10-Q and therefore do not include all information and footnotes necessary for a fair presentation of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles.

Item 2. Management Discussion and Analysis of the Results of Operation

Total revenues for the quarter ended March 31, 1992 (second quarter fiscal 1992) increased 1.9% compared to the second quarter of fiscal 1991 and increased 2.4% from the previous quarter. Engineering revenues (total revenues excluding pass through costs) decreased 3.1% compared to the second quarter of 1991 but increased 2.8% compared to the previous quarter. This is the second quarterly increase in engineering revenues and reflects an increase in demand for services, particularly in the transportation field.

Cost of Services, expressed as a percentage of revenue, increased to 90.6% from 88.5% incurred in the second quarter of fiscal 1991 and is comparable to the 90.3% in the previous quarter. This increase is due in part to the reclassification of certain costs from General and Administrative Cost to Cost of Sales. Without this reclassification, Cost of Services for the second quarter of 1992 would have been 90.0%. This increase over the comparable quarter of fiscal 1991 is due mainly to engineering revenues decreasing at a greater rate than the reduction in costs.

General and Administrative expense, expressed as a percentage of revenue, decreased to 7.2% from the 8.9% of the second quarter of fiscal 1991 remaining consistent with the 7.2% in the previous quarter. The reduction from the second quarter of fiscal 1991 was due in part to the above mentioned reclassification. Without this reclassification, General and Administrative expense would have been 7.9%. This decrease is due to a reduction in staffing and consulting fees.

Interest expense expressed as a percentage of revenue decreased to 2.0% from the 2.4% of the comparable quarter of fiscal 1991 but was comparable to the 2.1% of the previous quarter. The decrease from the second quarter of fiscal 1991 was due to the reduction in the prime interest rate charged by the bank.

Item 2. Management Discussion and Analysis of the Results of Operation (Continued)

Earnings per common share was 0 cents for the second quarter of fiscal 1992 as compared to 5 cents per share in the second quarter of fiscal year 1991. This reduction is primarily due to the decrease in engineering revenues.

Financial Condition

Working capital decreased to $6,301,000 from the $6,417,000 in the previous quarter. Capital resources available to the company include an existing line of credit for working capital. The current line is a maximum of $16.5 million based on accounts receivable and work-in-progress of which approximately $2 million is currently available. The company believes the existing line of credit is adequate to meet the financial needs of the company. The company is continuing to purchase additional computer assisted design and drafting equipment and expects the equipment and related software to continue to be a major portion of the company's future investment. The company's backlog remains strong at 65 million.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STV GROUP, INC.
(Registrant)

5/14/92
Date

By:
Michael Haratunian
President and CEO

5/14/92
Date

By:
Peter W. Knipe
Treasurer

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SECURITIES AND EXCHANGE COMMISSION

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WASHINGTON, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

U92-2233

For the Quarterly Period ended March 31, 1992

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

PROCESSED BY
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Microfilmed by
Q-Data Corp. - St. Petersburg, FL

For Quarter Ended March 31, 1992
Commission File Number 0-18347

Sullivan Dental Products, Inc.

(Exact name of registrant as specified in its charter)

L3Q

Delaware
(State or other juridiction of incorporation or organization)

36-3070444
(IRS Employer Identification No.)

10920 West Lincoln Avenue, West Allis, Wisconsin
(Address of Principal executive offices)

53227
(Zip Code)

(414) 321-8881
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the registrant was required to filed such reports), and (2) has been subject to such filing requirements for the past ninety (90) days.

Yes X No ___

As of May 13, 1992, 8,790,947 shares of common stock, .01 par value, were outstanding.

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SULLIVAN DENTAL PRODUCTS, INC.

FORM 10-Q

FOR THE THREE MONTHS ENDED MARCH 31, 1992

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Part I FINANCIAL INFORMATION

SULLIVAN DENTAL PRODUCTS, INC.

BALANCE SHEETS

	March 31, 1992 (Unaudited)	December 31, 1991
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 109,847	$ 68,924
Accounts receivable:		
Trade, less allowance for uncollectible accounts	11,097,829	10,042,068
Other	39,079	261,138
Inventory	15,891,705	15,463,858
Prepaid expenses and other	311,596	387,243
Total current assets	27,450,056	26,223,231
PROPERTY AND EQUIPMENT:		
Warehouse and office equipment	2,249,850	1,828,568
Transportation equipment	1,059,778	997,082
Leasehold improvements	165,545	133,345
	3,475,173	2,958,995
Less Accumulated depreciation	1,146,951	1,047,952
Net property and equipment	2,328,222	1,911,043
OTHER ASSETS:		
Goodwill	2,644,589	2,661,535
Other	430,333	448,766
	$ 32,853,200	$ 31,244,575

See notes to financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1992 (Unaudited)	December 31, 1991
CURRENT LIABILITIES:		
Note payable to bank	$ 2,775,000	$ 3,950,000
Accounts payable	7,223,853	5,930,228
Accrued expenses:		
Salaries, commissions and benefits	884,140	419,357
Other	843,634	961,860
Income taxes payable	512,331	309,281
Total current liabilities	12,238,958	11,570,726
STOCKHOLDERS' EQUITY:		
Preferred stock--$.01 par value; 500,000 shares authorized, none issued	-	-
Common stock--$.01 par value; 10,000,000 shares authorized, 7,985,947 shares issued and outstanding	79,859	79,859
Paid-in capital	10,657,607	10,657,607
Retained earnings	9,876,776	8,936,383
Total stockholders' equity	20,614,242	19,673,849
	$ 32,853,200	$ 31,244,575

See notes to financial statements.

SULLIVAN DENTAL PRODUCTS, INC.

STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31, 1992	Three Months Ended March 31, 1991
Net sales	$ 23,521,541	$ 15,750,784
Cost of sales	15,594,781	10,584,527
Gross profit	7,926,760	5,166,257
Operating expenses	6,363,079	4,150,695
Operating income	1,563,681	1,015,562
Interest expense	55,500	2,262
Other income	20,213	33,300
Income before provision for income taxes	1,528,394	1,046,600
Provision for income taxes	588,000	408,000
Net income	$ 940,394	$ 638,600
Net income per common and common equivalent share:		
Primary and fully diluted	$ .11	$ .08
Weighted average common shares outstanding:		
Primary	8,323,000	8,141,000
Fully diluted	8,325,000	8,174,000

See notes to financial statements.

SULLIVAN DENTAL PRODUCTS, INC.

STATEMENTS OF CASH FLOW

(Unaudited)

	Three Months Ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 940,394	$ 638,600
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	156,671	112,481
Gain on sale of property and equipment	-	(143)
Provision for losses on accounts receivable	27,000	15,000
Changes in assets and liabilities:		
(Increase) in accounts receivable--trade	(1,082,761)	(1,034,485)
Decrease in accounts receivable--other	222,059	93,468
(Increase) in inventory	(427,847)	(1,566,293)
Decrease in prepaid expenses and other	64,272	74,230
(Increase) in other assets	(4,900)	(687)
Increase in accounts payable	1,293,625	1,705,608
Increase (decrease) in accrued expenses--salaries, commissions and benefits	464,783	(60,624)
(Decrease) increase in accrued expenses--other	(118,226)	111,682
Increase in income taxes payable	203,050	102,424
Total adjustments	797,726	(447,339)
Net cash from operating activities	1,738,120	191,261
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of assets, net of cash	-	(1,989,617)
Purchase of property and equipment	(522,197)	(189,713)
Proceeds from sale of property and equipment	-	8,570
Net cash from investing activities	(522,197)	(2,170,760)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (decrease) in note payable to bank	(1,175,000)	-
Net cash from financing activities	(1,175,000)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	40,923	(1,979,499)
CASH AND CASH EQUIVALENTS, beginning of period	68,924	1,999,393
CASH AND CASH EQUIVALENTS, end of period	$ 109,847	$ 19,894
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 55,500	$ 2,262
Income taxes	384,950	305,576

See notes to financial statements.

SULLIVAN DENTAL PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

THREE MONTHS ENDED MARCH 31, 1992

Note A - Summary of Significant Accounting Policies

Basis of Presentation:

Effective January 1, 1992, Sullivan Dental Equipment, Inc. (a wholly owned subsidiary of the Company) ceased operations and was merged into the Company.

The financial statements have been prepared by the Company, without audit by independent certified public accountants, in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations since the Company believes that the disclosures contained herein are adequate to make the information presented not misleading.

These financial statements should be read in conjunction with the financial statements and notes included in the Company's 1991 Annual Report on Form 10-K. In the opinion of the Company, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the financial position of the Company as of March 31, 1992, as well as the results of operations and the cash flows for the three months ended March 31, 1992 and 1991, have been included.

The results of operations for such interim periods are not necessarily indicative of the results for the full year.

Inventory:

The Company measures inventory and cost of sales for interim financial statements by use of a historically developed gross profit percentage. Annually, the Company adjusts the inventory to reflect the result of a physical count.

Net Income Per Share:

Net income per share and the dilutive effect on net income per share of potentially dilutive stock options are computed by the treasury stock method. Common stock equivalents result from the assumed issuance of shares under stock option plans. All per share amounts have been adjusted to reflect stock dividends.

SULLIVAN DENTAL PRODUCTS, INC.

NOTES TO FINANCIAL STATEMENTS

(Unaudited)

THREE MONTHS ENDED MARCH 31, 1992

Note B - Stock Dividend

On January 6, 1992, the Board of Directors declared a stock dividend of one share of common stock for each two shares of common stock held by stockholders of record at the close of business on January 21, 1992. The par value of shares distributed was transferred to common stock from paid-in capital. Cash in lieu of fractional shares was charged to paid-in capital. This stock dividend has been treated as a stock split for accounting purposes and was recorded as of December 31, 1991. The 1991 share amounts have been adjusted retroactively for this stock dividend.

Note C - Subsequent Events

On April 7, 1992, the Company sold 805,000 shares of common stock in an equity offering. The offering price was $18.00 per share and proceeds to the Company after offering expenses were approximately $13,346,000.

On April 9, 1992, the Company purchased all of the assets and assumed certain liabilities of Dental Specialty, Inc., a Denver based dental equipment and service company, in exchange for 75,000 shares of common stock of the Company valued at $1,125,000. The excess of cost over the fair value of assets acquired (goodwill) is $700,000 and will be amortized over 40 years on a straight-line basis. The acquisition will be accounted for under the purchase method of accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Net sales for the three months ended March 31, 1992 were $23,522,000, an increase of $7,771,000, or 49.3%, over the same period last year. The $7,771,000 increase in net sales was substantially due to increased unit sales and, to a lesser extent, price increases. The growth in unit sales was generated largely by sales to new customers which were obtained by the addition of experienced sales representatives with existing customers, and, to a lesser extent, by increased sales to existing customers.

Sales of dental supplies comprised 77.1% of net sales in the first quarter of 1992 versus 80.0% during the same period in 1991, with dental equipment sales and sales of repair service and parts accounting for the balance in each year. Sales of dental equipment constituted 18.3% of net sales in the first quarter of 1992 versus 15.8% in such period in 1991. The increase in the amount of equipment sales and sales of repair service and parts as a percentage of net sales was substantially due to the opening or acquisition of 6 equipment sales and service centers.

Gross profit rose $2,761,000, or 53.4%, in the first quarter of 1992, compared to the same period last year, primarily as the result of increased sales. Gross profit as a percentage of net sales increased to 33.7% in the first quarter of 1992 compared to 32.8% for the same period in 1991 due to changes in the Company's product mix, more advantageous pricing and buying and increased revenue from sales of repair service and parts, which have a higher profit margin than dental supplies and dental equipment.

Operating expenses rose $2,212,000, or 53.3%, in the first quarter of 1992 compared to the first quarter of 1991 and increased as a percentage of net sales to 27.1% from 26.4% over the same period last year. Of this increase in operating expenses, $1,682,000 resulted from increased salaries and commissions, which represented 60.9% of operating expenses in the first period of 1992 compared to 52.8% of such expenses in the same period in 1991. The balance of the increase in operating expenses resulted primarily from increased depreciation and amortization, rent, auto expense, freight and insurance.

For the first quarter of 1992, operating income increased from the same period the previous year by $548,000 to $1,564,000 due to the factors identified above. Interest expense increased by $54,000 to $56,000 in the first quarter of 1992. This fluctuation was primarily the result of increased borrowing needs to finance continued growth in inventories and computer hardware and software expenses.

Net income increased by $302,000, or 47.3%, in the first three months of 1992 as compared to such period in 1991, primarily due to increased sales and increased gross profit margins.

Liquidity and Capital Resources

Accounts receivable at March 31, 1992 increased $1,056,000, or 10.5%, from year-end 1991, primarily due to increased sales.

Working capital at March 31, 1992 was $15,212,000, an increase of $560,000 over December 31, 1991, reflecting higher net income.

A portion of the proceeds of $13,346,000 of the Company's second equity offering as more fully described below were used in April, 1992 to fully repay the outstanding balance of the Company's unsecured bank line of credit. The Company expects that the proceeds from the offering and the $7,000,000 available line of credit, together with internally generated funds, is sufficient to meet forseeable working capital requirements.

Item 2. Changes in Securities

On January 6, 1992, the Board of Directors authorized a stock dividend of one share of common stock for every two shares of common stock held by stockholders of record at the close of business on January 21, 1992. All references in the accompanying financial statements to number of common shares and per share amounts have been retroactively restated to reflect the stock dividend.

Item 5. Other Information

On April 7, 1992, the Company sold 805,000 newly issued shares of its common stock in an equity offering. The offering price was $18.00 per share and proceeds to the Company after offering expenses were approximately $13,346,000.

On April 9, 1992, the Company purchased all of the assets and assumed certain liabilities of Dental Specialty, Inc., a Denver-based dental equipment and service company, in exchange for 75,000 unregistered shares of common stock of the Company.

Item 6. Exhibits and Reports on Form 8-K

Reports on Form 8-K - The Company filed a Form 8 Amendment to Form 8-K dated January 13, 1992 with the Securities and Exchange Commission, File No. 0-18347, to provide pro forma financial information relating to the acquisition of MoDent, Inc., MoQuip, Inc. and E.F.G. Dental Equipment Company, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

SULLIVAN DENTAL PRODUCTS, INC.
(Registrant)

By Robt J Sullivan
ROBERT J. SULLIVAN, Chief Executive Officer
(Duly authorized officer and principal
financial officer)

Dated: May 13, 1992

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarter ended March 31, 1992

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Commission file number 0-8026

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Microfilmed by
Q-Data Corp. - St. Petersburg, FL

THE SUMMIT BANCORPORATION

(Exact name of registrant as specified in its charter)

New Jersey	22-2007124
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Main Street, Chatham, New Jersey	07928
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (201) 701-2666

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __.

Number of shares of Common Stock outstanding as of March 31, 1992: 21,158,966

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PART I. FINANCIAL INFORMATION

The Summit Bancorporation and Subsidiaries
Consolidated Statement of Condition
(Unaudited)

	March 31, 1992	December 31, 1991
	(In Thousands)	
Assets		
Cash and Due from Banks	$ 186,192	$ 223,932
Interest Bearing Deposits with Banks	1,013	1,013
Federal Funds Sold and Other Short-Term Investments	168,500	158,000
Investment Securities:		
U.S. Treasury	19,875	23,632
U.S. Government Agency	614,689	584,264
State and Municipal	93,847	96,650
Other Securities	122,060	86,677
Total Investment Securities (Market Value of $867,017 and $819,028)	850,471	791,223
Trading Account Securities	987	1,725
Loans	2,472,547	2,499,260
Less: Allowance for Loan Losses	83,341	83,300
Net Loans	2,389,206	2,415,960
Premises and Equipment	40,045	39,361
Accrued Interest Receivable	26,563	26,172
Other Assets	91,667	106,747
Total Assets	$3,754,644	$3,764,133
Liabilities and Stockholders' Equity		
Deposits:		
Demand	$ 540,081	$ 550,894
Savings	1,186,353	1,127,034
Money Market Accounts	605,711	558,654
Certificates of Deposit $100,000 and Over	109,484	150,242
Other Time	893,847	954,545
Total Deposits	3,335,476	3,341,369
Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	70,314	76,091
Other Short-Term Borrowings	3,592	2,009
Accrued Expenses and Other Liabilities	49,402	56,839
Long-Term Debt	17,850	20,850
Total Liabilities	3,476,634	3,497,158
Stockholders' Equity:		
Preferred Stock, No Par Value, Authorized 12,000 Shares Cumulative Adjustable Rate, Issued and Outstanding 800 Shares	20,000	20,000
Common Stock, No Par Value, Authorized 50,000 Shares Issued and Outstanding 21,159 and 20,489 Shares	33,104	32,195
Surplus	155,795	148,612
Retained Earnings	69,111	66,168
Total Stockholders' Equity	278,010	266,975
Total Liabilities and Stockholders' Equity	$3,754,644	$3,764,133

See Accompanying Notes to Consolidated Financial Statements.

The Summit Bancorporation and Subsidiaries
Consolidated Statement of Income
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
	(In Thousands Except Per Share Amounts)	
Interest Income:		
Interest and Fees on Loans	$53,327	$64,870
Interest and Dividends on Securities	14,487	14,776
Interest on Federal Funds Sold and Other Short-Term Investments	1,814	1,758
Interest on Deposits with Banks	21	—
Total Interest Income	69,649	81,404
Interest Expense:		
Interest on Deposits	30,389	43,293
Interest on Federal Funds Purchased and Securities Sold Under Agreements to Repurchase	676	1,166
Interest on Other Short-Term Borrowings	19	34
Interest on Long-Term Debt	534	1,252
Total Interest Expense	31,618	45,745
Net Interest Income	38,031	35,659
Provision for Loan Losses	5,075	4,444
Net Interest Income After Provision for Loan Losses	32,956	31,215
Noninterest Income:		
Trust Income	2,498	2,159
Service Fees on Deposit Accounts	3,512	2,941
Investment Securities Gains	762	3
Other Income	3,272	2,362
Total Noninterest Income	10,044	7,465
Noninterest Expense:		
Salaries and Employee Benefits	16,664	16,963
Net Occupancy Expense	3,409	3,213
Furniture and Equipment Expense	1,906	2,121
Other Expenses	11,662	9,570
Total Noninterest Expense	33,641	31,867
Income Before Income Taxes	9,359	6,813
Applicable Income Taxes	3,232	1,712
Net Income	$ 6,127	$ 5,101
Net Income Available to Common Stockholders	$ 5,827	$ 4,796
Per Common Share:		
Net Income	$.28	$.24
Weighted Average Shares Outstanding	20,789	19,878

See Accompanying Notes to Consolidated Financial Statements.

The Summit Bancorporation and Subsidiaries
Consolidated Statement of Changes in Stockholders' Equity
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Balance, January 1,	$266,975	$250,340
Net Income	6,127	5,101
Common Stock Issued Under:		
Dividend Reinvestment and Stock Purchase Plan	7,478	—
Stock Incentive Plans	615	66
Cash Dividends Declared:		
Adjustable Rate Preferred Stock	(300)	(305)
Common Stock	(4,162)	(3,969)
Allowance for Marketable Equity Securities	1,277	3,794
Balance, March 31,	$278,010	$255,027

See Accompanying Notes to Consolidated Financial Statements.

The Summit Bancorporation and Subsidiaries
Consolidated Statement of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Operating Activities:		
Net Income	$ 6,127	$ 5,101
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization Expenses	1,773	1,767
Provision for Loan Losses	5,075	4,444
Investment Securities Gains	(762)	(3)
Decrease in Trading Account Securities	738	127
Gain on Sale of Loans	(958)	(221)
(Increase) Decrease in Accrued Interest Receivable	(391)	1,392
Decrease in Accrued Interest Payable	(546)	(1,911)
Decrease (Increase) in Other Assets	14,284	(3,444)
(Decrease) Increase in Accrued Expenses and Other Liabilities	(6,891)	1,916
Other, Net	27	(8)
Net Cash Provided by Operating Activities	18,476	9,160
Investing Activities:		
(Increase) Decrease in Loans Made to Customers	(42,156)	6,144
Loans Sold	64,793	31,166
Purchases of Investment Securities	(231,940)	(47,296)
Maturities from Investment Securities	159,480	54,926
Proceeds from Sales of Investment Securities	15,909	6,639
Purchases of Premises and Equipment	(2,371)	(971)
Increase in Short-Term Investments	(10,500)	(96,112)
Other, Net	25	22
Net Cash Used by Investing Activities	(46,760)	(45,482)
Financing Activities:		
Decrease in Deposits	(5,893)	(17,383)
(Decrease) Increase in Federal Funds Purchased, Securities Sold Under Agreements to Repurchase and Other Short-Term Borrowings	(4,194)	2,812
Long-Term Debt Repurchased or Matured	(3,000)	(8,500)
Cash Dividends Paid	(4,462)	(4,274)
Common Stock Issued	8,093	66
Net Cash Used by Financing Activities	(9,456)	(27,279)
Net Decrease in Cash and Due From Banks	(37,740)	(63,601)
Cash and Due from Banks at January 1,	223,932	220,719
Cash and Due from Banks at March 31,	$186,192	$157,118
Cash Paid During the Period for:		
Interest	$32,164	$47,656
Income Taxes	5,965	300

See Accompanying Notes to Consolidated Financial Statements.

The Summit Bancorporation and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

1. Principles of Consolidation

The financial statements include the accounts of The Summit Bancorporation ("SUMMIT") and its subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation. In the opinion of SUMMIT, all adjustments (consisting only of normal recurring accruals) which are necessary for a fair statement of the results of the operations for the interim periods have been reflected herein.

2. Allowance for Loan Losses

The allowance for loan losses is increased by provisions charged to expense and reduced by charge-offs, net of recoveries. The provision for loan losses is based on management's evaluation of the adequacy of the allowance for loan losses. This evaluation encompasses consideration of past loan loss experience and other factors, including changes in the composition and volume of the credit portfolio, the level and composition of nonperforming loans, the condition of industries experiencing particular financial pressures, the relationship of the current level of the allowance to the credit portfolio and to nonperforming assets, and economic conditions.

3. Earnings Per Common Share

Earnings per common share is computed by dividing net income available to common stockholders by the weighted average number of shares outstanding. Shares issuable under the stock option incentive plan have not been included in the calculation of earnings per share since their effect is not material.

4. Pending Litigation

SUMMIT and various of its directors and officers are defendants in a lawsuit commenced in April 1991 in the United States District Court for the District of New Jersey. The suit purports to be a class action brought by a plaintiff who is alleged to have purchased stock of SUMMIT and to have received stock of SUMMIT in exchange for securities of Somerset Bancorp, Inc. The suit alleges violations of Federal securities laws and New Jersey common law. No specific amount of damages is sought by the plaintiff. In September 1991, defendants' motion to dismiss was denied and a subsequent motion for certification of an appeal was also denied.

Management believes that the allegations are without merit and SUMMIT intends to defend itself vigorously. Based upon information presently available, management believes that neither the financial position nor the results of operations of SUMMIT will be affected materially by the final outcome of this lawsuit.

5. Dividend Reinvestment Plan

SUMMIT's dividend reinvestment plan allows existing SUMMIT shareholders to reinvest their quarterly dividends and to make optional cash purchases of SUMMIT common stock at up to a 5% discount from the current market price (based on a 15-day market price average). By offering newly issued shares of SUMMIT common stock, the proceeds of the equity sales are added to SUMMIT's capital base.

6. Subsequent Event

On May 6, 1992, SUMMIT issued 2,875,000 shares of Common Stock in a public underwriting. Net proceeds from the sale totaled $40,307,500, after deducting the underwriting discount but before deducting other expenses payable by SUMMIT which are estimated to be $165,000.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Summary

Earnings for the quarter ended March 31, 1992 were $6.1 million, an improvement of 20.1% from the $5.1 million earned in the same quarter of 1991. On a per share basis, net income amounted to $.28 for the first three months of 1992 compared to $.24 in the same quarter of 1991, a 16.7% increase. A higher level of average common shares outstanding during the first quarter of 1992 over the first quarter of 1991, due to the issuance of new shares under the Dividend Reinvestment and Stock Purchase Plan, was responsible for the somewhat lower percentage increase in per share earnings.

SUMMIT's return on average assets improved to .66% during the first quarter of 1992, compared with .56% for the same quarter of 1991. Similarly, the return on average common equity for the first three months increased to 9.29% in 1992 from 8.31% for the first quarter of 1991.

The growth in 1992 first quarter earnings compared with the first quarter of 1991 was principally attributable to increases in both net interest income and noninterest income, partially offset by a higher loan loss provision and a rise in noninterest expenses.

Net Interest Income

Net interest income on a tax-equivalent basis grew 5.4% to $39.1 million during the first quarter of 1992 from the $37.1 million earned in the first quarter of 1991. A widening in the net interest margin from 4.34% in the first quarter of 1991 to 4.51% in the first quarter of 1992 was the primary factor contributing to the increase in net interest income. The improvement in the margin resulted principally from a favorable shift in the mix of interest bearing liabilities to lower-rate core deposits (such as NOW account and savings deposits), the ability to lower rates on interest bearing deposits more rapidly than the declines in earning asset yields, and a reduction in the amount of "lost interest" on nonperforming loans. Partially offsetting these favorable factors was a reduced contribution from net noninterest bearing funds due to the lower interest rate environment.

Although average earning assets increased to $3.5 billion for the first quarter of 1992 from $3.4 billion in the same quarter of 1991, average loans continued to trend downward, declining 5.0% for the first three months of 1992 from the same quarter of 1991 to $2.5 billion. Offsetting the decline in average loans were increases in both average investment securities and short-term investments.

Average total deposits grew 3.2% to $3.3 billion in the quarter ended March 31, 1992 from $3.2 billion in the comparable quarter of 1991. Increases in NOW account and savings deposits were principally responsible for the growth in deposits, partially offset by a decline in higher-rate certificates of deposit. Average long-term debt declined by 61.3% to $18.5 million primarily as a result of the maturity of medium-term notes. Additional information regarding average balances, net interest income, and the net interest margin is presented on page eight of this report.

Noninterest Income

Noninterest income amounted to $10.0 million for the first quarter of 1992, an increase of 34.5% from the $7.5 million earned in the same quarter of 1991. The growth in noninterest revenues during the first quarter of 1992 from the first quarter of a year ago was principally due to an increase in origination and servicing income from mortgage banking activities to $1.7 million from $719,000 in 1991, higher investment securities gains, a 19.4% increase in service fees on deposit accounts and a 15.7% rise in trust income.

Noninterest Expense
Noninterest expense totaled $33.6 million for the first quarter of 1992, an increase of 5.6% from the comparable period in 1991. Despite declines in salaries and employee benefits, noninterest expenses continued to increase primarily due to higher writedowns of other real estate owned (OREO) during the first quarter of 1992 compared to the first quarter of 1991. Personnel expense was $16.7 million for the first three months of 1992, falling 1.8% from the same period of 1991. Staff reductions resulting from SUMMIT's bank consolidation efforts and its ongoing expense containment program contributed to these declines, partly offset by an increase in commissions paid to mortgage origination personnel. OREO expense amounted to $2.4 million for the first quarter of 1992 compared to $485,000 for the first quarter of 1991.

Income Taxes
Applicable income taxes for the first quarter of 1992 increased to $3.2 million from $1.7 million a year ago. The increase in the effective income tax rate to 34.5% from 25.1% resulted from higher state taxes and a lower proportion of tax-exempt income to income before taxes.

Average Consolidated Statement of Condition, Net Interest Income and Net Interest Margin (Tax-Equivalent Basis)

	Three Months Ended March 31,					
	1992			1991		
	Average Balance	Interest	Average Rate	Average Balance	Interest	Average Rate
	(In Thousands)					
Assets						
Earning Assets:						
Federal Funds Sold and Other Short-Term Investments	$ 178,168	$ 1,835	4.14%	$ 112,360	$ 1,758	6.35%
Investment Securities:						
U.S. Treasury	22,091	353	6.43	52,792	1,035	7.95
U.S. Government Agency	593,795	10,956	7.38	375,022	8,634	9.21
State and Municipal	93,459	1,882	8.05	89,677	2,081	9.28
Other Securities	104,034	1,961	7.58	172,894	3,825	8.97
Total Investment Securities	813,379	15,152	7.46	690,385	15,575	9.06
Trading Account Securities	1,196	18	6.05	990	14	5.74
Loans:						
Commercial	603,852	11,992	7.99	674,963	16,803	10.10
Consumer	383,653	9,082	9.52	397,175	10,952	11.18
Real Estate	1,485,631	32,613	8.78	1,530,517	37,702	9.85
Total Loans	2,473,136	53,687	8.70	2,602,655	65,457	10.12
Total Earning Assets	3,465,879	70,692	8.18	3,406,390	82,804	9.78
Allowance for Loan Losses	(84,892)			(82,958)		
Cash and Due from Banks	180,186			151,990		
Premises and Equipment	39,469			42,934		
Other Real Estate Owned	31,274			20,118		
Other Assets	91,311			95,682		
Total Assets	$3,723,227			$3,634,146		
Liabilities and Stockholders' Equity						
Interest Bearing Liabilities:						
Savings Deposits	$1,151,255	10,770	3.76	$ 860,869	11,682	5.50
Money Market Accounts	590,030	5,304	3.62	553,791	7,494	5.49
Time Deposits	1,048,381	14,315	5.49	1,316,371	24,117	7.43
Total Interest Bearing Deposits	2,789,666	30,389	4.38	2,731,031	43,293	6.43
Federal Funds Purchased and Other Short-Term Borrowings	74,775	695	3.74	76,464	1,200	6.36
Long-Term Debt	18,542	534	11.52	47,908	1,252	10.45
Total Interest Bearing Liabilities	2,882,983	31,618	4.41	2,855,403	45,745	6.49
Demand Deposits	509,205			465,320		
Accrued Expenses and Other Liabilities	60,146			62,516		
Total Liabilities	3,452,334			3,383,239		
Stockholders' Equity	270,893			250,907		
Total Liabilities and Stockholders' Equity	$3,723,227			$3,634,146		
Spread on Interest Bearing Liabilities			3.77			3.29
Effect of Net Noninterest Bearing Funds			.74			1.05
Net Interest Income		$39,074			$37,059	
Net Interest Margin			4.51%			4.34%

Notes: The above table includes nonaccrual loans. The amortization of fees on loans has been included in interest on loans. Income is presented on a tax-equivalent basis. It has been adjusted upward by the amount of Federal income tax that would have been paid on tax-exempt income if the income had been fully taxable at a 34% rate.

Financial Condition

Asset Quality

Total nonperforming assets continued their downward trend for the fourth consecutive quarter. At March 31, 1992, total nonperforming assets (consisting of nonperforming loans and OREO) were $132.6 million, down from both the $155.5 million at the same date in 1991 and the 138.9 million at December 31, 1991. At March 31, 1992, nonperforming loans totaled $103.1 million, compared to $135.0 million at the same date a year ago and $106.3 million at December 31, 1991. OREO increased to $29.5 million at the end of the first quarter of 1992 from $20.5 million at March 31, 1991 and decreased from $32.6 million at year-end 1991. At March 31, 1992, OREO included $11.2 million in foreclosed properties and $18.3 million of in-substance foreclosures.

SUMMIT's allowance for loan losses amounted to $83.3 million at the end of the first quarter, or 81% of nonperforming loans and 63% of nonperforming assets on that date. The comparable nonperforming coverage ratios were 61% and 53% at March 31, 1991 and 78% and 60% at year-end 1991, respectively.

Net charge-offs were $5.0 million during the first quarter of 1992, slightly below the first quarter provision for loan losses. In the first quarter of 1991, net charge-offs totaled $3.9 million, while the loan loss provision was $4.4 million.

Further information regarding SUMMIT's loan portfolio, nonperforming assets and allowance for loan losses is presented on page 10 of this report.

Asset/Liability Management

SUMMIT's asset/liability management activities are intended to ensure adequate liquidity and to protect net interest revenue from the effect of adverse movements in the level of interest rates and the shape of the interest rate yield curve. The Asset/Liability Management Committee (ALCO) of each affiliate bank is responsible for executing SUMMIT's corporate liquidity and interest rate risk policies. These committees meet regularly to assess SUMMIT's current and prospective risk exposure and to establish strategies to achieve net interest margin objectives.

The purpose of liquidity management is to ensure that adequate funds are available to meet the company's asset and liability cash flow requirements and to respond to these needs promptly and economically. Current and future liquidity needs are reviewed by each ALCO to determine the appropriate asset/liability mix.

Capital Adequacy

SUMMIT is committed to maintaining a strong capital position. Capital adequacy is monitored in relation to the size, composition, and quality of its asset base and with consideration given to regulatory guidelines and industry standards. Management seeks to maintain a capital structure that will support anticipated asset growth and provide for favorable access to the capital markets.

In 1989, the Federal Reserve established guidelines for a risk-based capital approach to measure capital adequacy. These standards provide a method of monitoring capital adequacy that is more sensitive to the risk factors of a bank's asset base, including off-balance sheet risk exposures. A minimum ratio of total capital to risk-weighted assets of 8%, of which at least 4% should be Tier 1 capital, is required by the end of 1992. Based on these 1992 guidelines, SUMMIT's total risk-adjusted capital ratio was 11.72% as of March 31, 1992 and its risk-adjusted Tier 1 capital ratio was 10.22%. These levels exceed the regulatory minimums prescribed for bank holding companies.

In 1990, the Federal Reserve adopted a new leverage standard which supplements the risk-based ratios in determining overall capital adequacy. A minimum ratio of Tier 1 capital to total assets of 3% was established. Under these guidelines, institutions operating at the 3% minimum are expected to have well diversified risk profiles, including no undue interest rate risk, excellent asset quality, high liquidity, and good earnings. Institutions not meeting these characteristics, as well as institutions experiencing growth, would be expected to maintain capital levels ranging from 100 to 200 basis points above the minimum. At March 31, 1992, SUMMIT's Tier 1 capital to asset ratio was 7.26%.

Asset Quality Data (In Thousands)

	March 31, 1992		
		Nonperforming Loans	
Loan Portfolio	Loans	Amount	Percent of Loan Category
Commercial	$ 575,327	$ 31,698	5.51%
Consumer	391,190	6,851	1.75
Real Estate:			
Construction	110,740	22,640	20.44
Commercial	561,385	27,239	4.85
Residential	833,905	14,681	1.76
Total	$2,472,547	$103,109	4.17%

	March 31,		December 31,
Nonperforming Assets	1992	1991	1991
Nonaccrual Loans	$102,828	$134,980	$106,066
Restructured Loans	281	—	281
Total Nonperforming Loans	103,109	134,980	106,347
Other Real Estate Owned (OREO)	29,447	20,516	32,556
Total Nonperforming Assets	$132,556	$155,496	$138,903
Loans Past Due 90 Days or More and Accruing	$ 18,845	$ 17,832	$ 16,546
As a % of Loans and OREO:			
Nonperforming Assets	5.30%	5.96%	5.49%
Loans Past Due 90 Days or More and Accruing	.75	.68	.65
Allowance for Loan Losses	1992	1991	
Balance, January 1,	$83,300	$81,410	
Net Charge-Offs:			
Charge-Offs	5,581	4,375	
Less: Recoveries	547	495	
Net Charge-Offs	(5,034)	(3,880)	
Provision for Loan Losses	5,075	4,444	
Balance, March 31,	$83,341	$81,974	
Net Charge-Offs as a % of Average Loans	.81%	.60%	
Allowance for Loan Losses as a % of:			
Loans at Period-End	3.37	3.17	3.33%
Nonperforming Loans	81	61	78
Nonperforming Assets	63	53	60

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings involving the registrant, see Note 4 of Notes to Consolidated Financial Statements in Part I on page 5 of this Report.

Item 2. Changes in Securities

No changes have been made to the rights of holders of any class of securities during the first quarter of 1992.

Item 3. Defaults Upon Senior Securities

No default has occurred with respect to any of the registrant's securities during the first quarter of 1992.

Item 4. Submission of Matters to a Vote of Security Holders

In accordance with the instructions to Form 10-Q, no response is required.

Item 5. Other Information

No information is reported under this item.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Exhibit 12. Computation of Ratio of Earnings to Fixed Charges

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 13th day of May 1992.

THE SUMMIT BANCORPORATION
(Registrant)

By John R Feeney
(John R. Feeney, Executive Vice President and
Chief Financial Officer)

Exhibit 12

The Summit Bancorporation
Computation of Ratio of Earnings to Fixed Charges
(Unaudited)

	Three Months Ended March 31,	
	1992	1991
	(In Thousands)	
Earnings:		
Net Income	$ 6,127	$ 5,101
Applicable Income Taxes	3,232	1,712
Fixed Charges, Excluding Interest on Deposits	1,636	2,854
Total Earnings, Excluding Interest on Deposits	10,995	9,667
Interest on Deposits	30,389	43,293
Total Earnings, Including Interest on Deposits	$41,384	$52,960
Fixed Charges:		
Interest Expense, Excluding Interest on Deposits	$ 1,229	$ 2,452
One Third of Appropriate Net Rental Expense*	407	402
Total Fixed Charges, Excluding Interest on Deposits	1,636	2,854
Interest on Deposits	30,389	43,293
Total Fixed Charges, Including Interest on Deposits	$32,025	$46,147
Ratio of Earnings to Fixed Charges:		
Excluding Interest on Deposits	6.72X	3.39X
Including Interest on Deposits	1.29	1.15

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* Represents one third (the portion deemed representative of the interest factor) of long-term operating lease payments.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended March 31, 1992
Commission File Number 0-19395

SYBASE, INC.
(Registrant)

Incorporated in the State of Delaware

I.R.S. Employer Identification Number 94-2951005

6475 Christie Avenue, Emeryville, CA 94608

Telephone Number: 510-596-3500

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ____

On March 31, 1992, 19,280,253 shares of the Registrant's Common Stock, $.001 par value, were outstanding.

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SYBASE, INC.
FORM 10-Q
QUARTER ENDED MARCH 31, 1992

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Item 1: Financial Statements

Consolidated Balance Sheets at March 31, 1992 and December 31, 1991. 1

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Signature 9

SYBASE, INC.

CONSOLIDATED BALANCE SHEET

	December 31, 1991	March 31, 1992
ASSETS		
Current assets:		
Cash and cash equivalents	$52,685,000	$59,507,000
Short-term cash investments	6,565,000	1,378,000
Accounts receivable, net	53,249,000	50,988,000
Other current assets	3,516,000	4,436,000
Total current assets	116,015,000	116,309,000
Equipment and improvements, net	17,135,000	17,055,000
Capitalized software, at amortized cost	6,083,000	6,225,000
Excess of purchase price over fair value of acquired assets, at amortized cost	4,505,000	4,105,000
Other assets	1,403,000	2,044,000
	$145,141,000	$145,738,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$2,995,000	$2,938,000
Accrued liabilities	15,764,000	15,729,000
Accrued compensation and related expenses	7,260,000	5,744,000
Deferred revenue	20,521,000	21,519,000
Income taxes payable	2,471,000	0
Capital lease obligations, current portion	6,080,000	5,913,000
Total current liabilities	55,091,000	51,843,000
Other non-current liabilities	10,054,000	9,438,000
Stockholders' equity:		
Preferred stock, $.001 par value, 8,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, $.001 par value, 50,000,000 shares authorized; 19,280,253 shares issued and outstanding (1991-18,734,013)	19,000	19,000
Additional paid-in capital	83,062,000	86,407,000
Accumulated deficit	(3,779,000)	(1,854,000)
Accumulated foreign currency translation adjustments	742,000	(89,000)
Notes receivable from stockholders	(48,000)	(26,000)
Total stockholders' equity	79,996,000	84,457,000
	$145,141,000	$145,738,000

SYBASE, INC.

CONSOLIDATED STATEMENT OF INCOME

	Quarter Ended March 31,	
	1991	1992
Revenues:		
License fees	$21,765,000	$33,477,000
Services	10,421,000	14,427,000
Total revenues	32,186,000	47,904,000
Costs and expenses:		
Cost of license fees	1,079,000	2,253,000
Cost of services	3,955,000	7,074,000
Sales and marketing	17,971,000	22,602,000
Product development and engineering	5,871,000	8,797,000
General and administrative	2,675,000	4,380,000
Total costs and expenses	31,551,000	45,106,000
Operating income (loss)	635,000	2,798,000
Other income (expense)	(242,000)	411,000
Income (loss) before income taxes and extraordinary item	393,000	3,209,000
Provision for income taxes	158,000	1,284,000
Income (loss) before extraordinary item	235,000	1,925,000
Extraordinary item-income tax benefit of net operating loss carryforward	83,000	0
Net income (loss)	$318,000	$1,925,000
Income (loss) per share before extraordinary item	$0.01	$0.09
Extraordinary item per share	$0.01	$0.00
Net income (loss) per share	$0.02	$0.09
Shares used in per share computation	16,508,000	21,362,000

SYBASE, INC.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended March 31,	
	1991	1992
Operating Activities		
Net income	$318,000	$1,925,000
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,490,000	3,598,000
Accrued relocation costs	(103,000)	(145,000)
Deferred rent	187,000	98,000
Changes in assets and liabilities (1991- net of effects of purchase of a company):		
Accounts receivable	2,156,000	1,795,000
Other current assets	(503,000)	(920,000)
Accounts payable	(826,000)	(57,000)
Accrued liabilities	702,000	(35,000)
Accrued compensation and related expenses	167,000	(1,516,000)
Deferred revenues	(1,772,000)	998,000
Income taxes payable	-	(2,471,000)
Other	-	(246,000)
Cash provided by operating activities	2,816,000	3,024,000
Investing Activities		
Net sales of short-term cash investments	-	5,187,000
Purchase of equipment and improvements	(877,000)	(1,328,000)
Additions to capitalized software development costs	(840,000)	(867,000)
Increase in other assets	(700,000)	(641,000)
Cash provided (used) by investing activities	(2,417,000)	2,351,000
Financing Activities		
Proceeds from issuance of common shares, net of issuance costs and repayments of notes receivable	15,000	3,367,000
Reduction of capital lease obligations	(1,090,000)	(1,408,000)
Cash provided (used) by financing activities	(1,075,000)	1,959,000
Effect of exchange rate changes on cash	(258,000)	(512,000)
Net increase (decrease) in Cash and cash equivalents	(934,000)	6,822,000
Cash and cash equivalents, beginning of period	12,897,000	52,685,000
Cash and cash equivalents, end of period	$11,963,000	$59,507,000
Supplemental disclosures:		
Capital lease obligations incurred	$338,000	$918,000

SYBASE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The accompanying unaudited consolidated financial statements include the accounts of Sybase and its subsidiaries, and, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) necessary to fairly state the Company's consolidated financial position, results of operations and cash flows for the periods stated. The balance sheet as of December 31, 1991 has been prepared from the audited records of the Company.

   This report on Form 10-Q should be read in conjunction with the Company's audited financial statements for the fiscal year ended December 31, 1991 and notes included therein. The results of operations for the three months ended March 31, 1992 are not necessarily indicative of results for the entire fiscal year ended December 31, 1992.

2. Net income per share is computed using the weighted average number of common shares outstanding and dilutive common stock equivalents from the exercise of stock options and, applicable to 1991 only, warrants (using the treasury stock method) and the conversion of preferred shares (using the if-converted method).

ITEM2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Total Revenues. Total revenues for the first quarter of 1992 increased 48.8% to $47.9 million compared to $32.2 million for the first quarter of 1991. Total revenues for the first quarter of 1992 declined 4.5% from the fourth quarter of 1991, continuing a seasonal pattern of license revenue decline between the fourth quarter and the succeeding first quarter. The Company's revenues are derived from two sources: software licenses and fees for services, including maintenance, consulting, education and other contract services. The Company's revenue recognition policy is in compliance with the Statement of Position 91-1, "Software Revenue Recognition," issued by a committee of the American Institute of Certified Public Accountants. Accordingly, the Company recognizes license revenue when a non-cancellable license agreement is in force and the product has been shipped.

North American revenues increased 45.2%, from $24.0 million in the first quarter of 1991 to $34.9 million in the first quarter of 1992. International revenues increased 59.5% to $13.0 million for the first quarter of 1992, up from $8.1 million for the same period of 1991. While the Company believes the relatively stronger international growth rate reflects the positive effects of the reorganization and sales training and forecasting programs implemented in July 1991, it also reflects growth from a relatively low international revenue base from the first quarter of 1991. International revenues represented 27.1% of total revenues in the first quarter of 1992, compared to 25.3% of total revenues for the first quarter of 1991.

The Company has experienced a pattern of recording 50% to 70% of the Company's quarterly revenues in the third month of the quarter, with a concentration of these revenues in the last week of that third month. The Company's operating expenses are based on anticipated revenue levels, are relatively fixed in the short term and are incurred approximately ratably throughout the quarter. As a result, if revenues are not realized in the expected quarter, the Company's quarterly operating results would be adversely affected.

Software Licenses. License revenues for the first quarter of 1992 increased 53.8% to $33.5 million from $21.8 million for the first quarter of 1991. The increase in absolute dollars is attributable to greater demand for the Company's products as a result of continuing enhancements and expanding breadth of the Company's product offerings and increased sales to the installed customer base .

Services. Revenues from services increased 38.4% to $14.4 million or 30.1% of total revenues, compared to $10.4 million or 32.4% of total revenues and $12.4 million or 24.7% of total revenues for the first and fourth quarters of 1991, respectively. The decline in services revenues as a percent of total revenues between the first quarters of 1991 and 1992 is primarily the result of the fourth quarter to first quarter seasonal decline in license revenues between 1991 and 1992 being less pronounced than the decline between the fourth quarter of 1990 and the first quarter of 1991. Services revenues as a percent of total revenues increased between the fourth quarter of 1991 and the first quarter of 1992 primarily as a result of seasonally lower license revenues.

Cost of License Fees. For the first quarter of 1992 cost of license fees increased to $2.3 million and 6.7% of license revenues, from $1.1 million and 5.0% of license revenues for the same period of 1991. The increase in cost of license fees as a percent of total license revenues is primarily the result of higher software amortization expenses, increased sales of products carrying royalty fees and costs incurred to standardize documentation.

Cost of Services. Cost of services for the first quarter of 1992 was $7.1 million and represented 49.0% of services revenues, compared to $4.0 million and 38.0% of services revenues for the first quarter of 1991. The increase as a percent of total services revenues is the result of increased materials and shipping costs for product upgrades, increased third party training expenses to meet increased demand for education courses and costs incurred to standardize documentation.

Sales and Marketing. Sales and marketing expenses for the first quarter of 1992 were $22.6 million or 47.2% of revenues, compared to $18.0 million or 55.8% of revenues for the first quarter of 1991, and $23.9 million or 47.7% of revenues for the fourth quarter of 1991. The absolute dollar increase between the first quarters of 1991 and 1992 is the result of increased expenses associated with higher revenue levels. The decline in absolute dollar spending between the fourth quarter of 1991 and the first quarter of 1992 relates to a one-time $1.5 million charge in the fourth quarter of 1991 with respect to international reorganization decisions made in the fourth quarter of 1991. The decline in sales and marketing expenses as a percent of total revenues between the first quarter of 1992 and the first quarter of 1991 is a result of continued productivity improvements in the North American and International selling organizations.

Product Development and Engineering. Product development and engineering expenses (net of capitalized software expenditures) increased to $8.8 million or 18.4% of total revenues in the first quarter of 1992, compared to $5.9 million or 18.2% of total revenues for the first quarter of 1991, and $7.7 million or 15.3% of total revenues for the fourth quarter of 1991. The absolute dollar increase in product development and engineering expenses between the first quarters of 1991 and 1992 reflects increased staffing of software engineers and technical writers required to expand and enhance the Company's product line and to provide related technical documentation. The increase in product development and engineering expenses as a percent of total revenues between the fourth quarter of 1991 and the first quarter of 1992 is a result of three factors: the seasonal pattern of lower revenues in the first quarter than in the preceding fourth quarter, the acceleration of certain development projects in response to customer demand and lower amounts of capitalized software.

General and Administrative. General and administrative expenses for the first quarter of 1992 were $4.4 million or 9.1% of revenues, compared to $2.7 million or 8.3% of revenues in the comparable period for 1991, and $3.9 million or 7.7% of revenues for the fourth quarter of 1991. The increase in absolute dollars and the increase in the percentage of total revenues over the first quarter of 1991 reflects increased staffing and investments in management information and control systems required to support the Company's growth. The increase in general and administrative expenses as a percent of total revenues over the fourth quarter of 1991 is also a result of the seasonal pattern of lower revenues in the first quarter than in the preceding fourth quarter.

Other income (expense). Other income (expense) represents the interest earned on invested cash balances offset by interest expense resulting from capital leases of computers, furniture and fixtures and borrowings under the Company's bank line. Other income for the first quarter of 1992 was $0.4 million, compared to other expense of $0.2 million for the first quarter of 1991. This increase was primarily due to the investment of proceeds raised in the Company's initial public offering in August 1991 and cash generated from operations.

Income taxes. The provision for income taxes for the first quarter of 1992 was $1.3 million compared to $0.2 million for the same period of 1991. The Company's estimated effective tax rate for fiscal 1992 is 40%, compared to a 1991 effective tax rate of 44%. The decrease in the effective tax rate is primarily due to the utilization of foreign tax credits. In 1991 the Company fully utilized its net operating loss carryforward. In determining its effective tax rate for the quarter, the Company uses its estimated effective tax rate for the year. To the extent there are differences between planned and actual net income or the components thereof, the effective tax rate could change.

Liquidity and Capital Resources. Cash, cash equivalents and short-term cash investments totaled $60.9 million at March 31, 1992, compared to $12.0 million at March 31, 1991. The increase was primarily due to the Company's initial public offering in August 1991, which raised approximately $37.1 million, and to cash generated from operations.

The Company has a $10 million unsecured line of credit available from two banks, against which approximately $1.0 million in letters of credit were outstanding as of March 31, 1992.

Funds from operations during the first quarter of 1992 was $3.0 million. The Company believes that cash flow from operations, existing cash balances and borrowings available under its credit facility will be sufficient to meet its cash and capital requirements for the foreseeable future.

PART II: OTHER INFORMATION

Item 2: CHANGES IN SECURITIES

In March, 1992, the Company adopted a shareholder rights plan and declared a dividend of one right to purchase one one-thousandth of a share of Series A Preferred Stock (a "Right") for each share of common stock of the Company outstanding on April 10, 1992. In connection with the shareholder rights plan, the Company filed with the Delaware Secretary of State a Certificate of Designation of Rights, Preferences and Privileges of Series A Participating Preferred Stock ("Certificate") designating 40,000 shares of the Company's 8,000,000 shares of authorized but unissued Preferred Stock as "Series A Participating Preferred Stock" and setting forth the rights, preferences and privileges thereof. The Certificate generally provides that each one one-thousandth of each share of Series A Participating Preferred Stock will be afforded economic rights similar to one share of the Company's common stock. The Rights are being registered with the Securities and Exchange Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934 on a Form 8-A filed with the Commission on April 1, 1992, which will become effective 60 days thereafter, or earlier if effectiveness is accelerated.

Holders of the Rights will be entitled to certain benefits in certain limited circumstances involving acquisitions of or offers for 15% or more of the Company's stock by another person or group of persons, except for certain instances when the acquiring party is Lotus Development Corporation. For a limited period of time after the announcement of any such acquisition or offer, the holder of each Right will be entitled to purchase for $125 one one-thousandth of one share of the Company's Series A Participating Preferred Stock. After any such acquisition is completed, each Right entitles its holder to purchase for $125 an amount of common stock of the Company, or in certain circumstances securities of the acquiror, having a then current market value of two times the exercise price of the Right. The Rights are also redeemable for a specified period at a price of $.01 per Right. The Rights expire in March, 2002.

Item 6: EXHIBITS AND REPORTS ON FORM 8-K

Reports on Form 8-K:

There were no reports filed on Form 8-K during the quarter ended March 31, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYBASE, INC.
(Registrant)

BY Kathryn C. Nyrop
Kathryn C. Nyrop, Vice President and
Treasurer (Principal Financial Officer)

BY
Peter F. Pervere, Vice President and
Controller (Principal Accounting
Officer)

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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

X92-2233

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________ to ____________

PROCESSED BY
12-13-X
MAY 15 1992

Commission file number 0-19981

L3Q

Microfilmed by
Q-Data Corp. - St. Petersburg, FL

SYBRON CHEMICAL INDUSTRIES INC.
(Exact name of registrant as specified in its

DELAWARE	51-0301280
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Birmingham Rd., P.O. Box 66, Birmingham New Jersey	08011
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code (609) 893-1100

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes __X__ No ______.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 1992
Common stock, $.01 par value	5,650,560

BEST COPY AVAILABLE

SYBRON CHEMICAL INDUSTRIES INC.

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PART I - FINANCIAL INFORMATION

SYBRON CHEMICAL INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

ASSETS

	Dec. 31 1991 (Audited)	Mar. 31 1992 (Unaudited)
Current assets:		
Cash and cash equivalents	$ 3,677	$ 3,732
Accounts receivable	26,770	28,142
Inventories	17,237	16,337
Prepaid and other current assets	1,753	1,278
Total current assets	49,437	49,489
Property, plant and equipment	25,554	24,962
Intangible assets	3,989	3,845
Other non-current assets	1,597	1,543
	$80,577	$79,839

LIABILITIES AND SHAREHOLDERS' EQUITY

	Dec. 31 1991 (Audited)	Mar. 31 1992 (Unaudited)
Current liabilities:		
Notes payable	$ 4,125	$ 4,650
Accounts payable	14,208	14,271
Accrued liabilities	10,164	7,677
Income taxes payable	513	1,097
Total current liabilities	29,010	27,695
Long-term debt	33,328	32,355
Other non-current liabilities	2,012	2,572
Total non-current liabilities	35,340	34,927
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, $.01 par value - authorized 500,000 shares; none issued		
Common stock - $.01 par value - 20,000,000 shares authorized; shares issued 4,865,000	50	50
Retained earnings	16,363	18,319
Cumulative translation adjustment	(186)	(1,152)
Total shareholders' equity	16,227	17,217
	$80,577	$79,839

The accompanying notes are an integral part of the financial statements

SYBRON CHEMICAL INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited in thousands except share amounts)

	Three months ended March 31, 1991	Three months ended March 31, 1992
Net sales	$ 32,964	$ 36,829
Cost of sales	20,684	22,751
Selling	5,741	6,432
General and administrative	1,897	2,099
Research and development	627	723
	28,949	32,005
Operating income	4,015	4,824
Other income(expense):		
Interest income	98	47
Interest expense	(1,401)	(1,275)
Amortization of intangible assets	(143)	(143)
Other - Net	(224)	(82)
	(1,670)	(1,453)
Income before income taxes	2,345	3,371
Provision for income taxes	1,102	1,416
Net income	$ 1,243	$ 1,955
Net income applicable to common shares after deduction of preferred dividends of $97 in 1991	$ 1,146	$ 1,955
Net income per common share	$ .23	$ .40

The accompanying notes are an integral part of the financial statements

SYBRON CHEMICAL INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited in thousands)

	Three months ended March 31, 1991	Three months ended March 31, 1992
Cash flows from operating activities:		
Net income	$ 1,243	$ 1,955
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,123	1,121
Changes in assets and liabilities:		
Accounts receivable	(505)	(2,726)
Inventory	910	333
Other current assets	365	488
Accounts payable and accrued expenses	(1,283)	(1,681)
Income taxes payable	1,222	805
Other assets and liabilities - net	116	648
Total adjustments	1,948	(1,012)
Net cash provided by operating activities	3,191	943
Cash flows from financing activities:		
Capital expenditures	(1,241)	(876)
Other-net		19
Net cash used by investing activities	(1,241)	(857)
Cash flows from investing activities:		
Loan proceeds		1,900
Net repayments under revolving credit facilities	(357)	(1,688)
Dividends paid	(195)	
Net cash provided (used) by financing activities	(552)	212
Effect of exchange rate changes on cash	(750)	(243)
Net increase in cash and cash equivalents	648	55
Cash and cash equivalents at beginning of period	5,055	3,677
Cash and cash equivalents at end of period	$ 5,703	$ 3,732

The accompanying notes are an integral part of
the financial statements

SYBRON CHEMICAL INDUSTRIES INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited in thousands except Share and Per Share Data)

NOTE 1 - ACCOUNTING POLICIES:

The accompanying unaudited consolidated financial statements have been prepared by management pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, these consolidated financial statements contain all of the adjustments, consisting only of normal recurring adjustments, necessary to present fairly, in summarized form, the financial position of the Company at March 31, 1992 and the results of its operations and changes in its cash flows for the three months ended March 31, 1991 and 1992.

The Company presumes that users of this Quarterly Report on Form 10-Q have read or have access to the audited financial statements for the year ended December 31, 1991 contained in the Company's Registration Statement on Form S-1 which was declared effective by the Securities and Exchange Commission on March 31, 1992. Accordingly, footnote disclosures which would substantially duplicate the disclosures contained therein have been omitted.

NOTE 2 - INVENTORIES:

Inventories are stated at the lower of cost or market. For U.S. operations, cost is determined using the last-in, first-out (LIFO) method. For foreign operations, cost is determined using the first-in, first-out (FIFO) method.

The components of inventories are:

	Dec. 31, 1991	Mar. 31, 1992
Raw materials	$ 5,032	$ 5,112
Work-in-progress	218	228
Finished goods	11,987	10,997
	$17,237	$16,337

NOTE 3 - PUBLIC OFFERING OF COMMON STOCK:

In April 1992, the Company and Selling Stockholders completed a public offering of its common stock of 1,784,000 shares at a price to the public of $20 per share. Of the shares offered, 1,040,000 shares were sold by the Company with net proceeds of approximately $19.3 million. The proceeds were used to retire long-term debt in the amount of $14.3 million and to repurchase 254,440 shares of common stock from certain employees in the amount of $5.0 million. Assuming that the Company issued such common stock and applied the net proceeds therefrom on January 1, 1992 as described herein, the Company's earnings per share for the three months ended March 31, 1992 would have been $.39.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three Months Ended March 31, 1991 Compared to Three Months Ended March 31, 1992.

The following table sets forth certain information about the Company's two business segments, Environmental Products and Services and Textile Chemical Specialties.

	Quarter Ended March 31,			
	1991		1992	
	Amount	% of Sales	Amount	% of Sales
	(in thousands except percentages)			
Sales				
Environmental Products and Services	$11,836	35.9%	$12,913	35.1%
Textile Chemical Specialties	21,128	64.1	23,916	64.9
Total	$32,964	100.0%	$36,829	100.0%
Cost of Sales				
Environmental Products and Services	$ 8,704	73.5%	$ 9,237	71.5%
Textile Chemical Specialties	11,980	56.7	13,514	56.5
Total	$20,684	62.7%	$22,751	61.8%
Gross Margin				
Environmental Products and Services	$ 3,132	26.5%	$ 3,676	28.5%
Textile Chemical Specialties	9,148	43.3	10,402	43.5
Total	$12,280	37.3%	$14,078	38.2%
Operating Expense				
Environmental Products and Services	$ 2,289	19.4%	$ 2,504	19.4%
Textile Chemical Specialties	5,976	28.3	6,750	28.2
Total	$ 8,265	25.1%	$ 9,254	25.1%
Operating Income				
Environmental Products and Services	$ 843	7.1%	$ 1,172	9.1%
Textile Chemical Specialties	3,172	15.0	3,652	15.3
Total	$ 4,015	12.2%	$ 4,824	13.1%

Sales for the first quarter of 1992 improved 11.7% over the first quarter of 1991. The Environmental Products and Services segment increased by 9.1% while the Textile Chemical Specialties segment grew by 13.2%.

The growth in the Environmental Products and Services segment resulted from sales increases in most of the major product lines within this segment. Sales improvement of the ion exchange resins product line, which accounts for a significant portion of this segment, resulted from expansion of distribution channels in the Company's export business and growth in the home water softening market which was aided by an increase in housing starts. Quantities sold increased 18.5% which more than offset a 4.7% decline in overall selling prices. Pricing on ion exchange resins has been lower due to competitive pressures, especially from foreign sources, which, in turn, has led to U.S. suppliers lowering prices to remain competitive. Sales in the biochemicals product line increased as a result of continued growth in the waste treatment markets served by the Company, including industrial and municipal waste water, bioremediation of contaminated soil and household and consumer products.

Sales growth in the Textile Chemical Specialties segment was led by significant increases in America Division textile chemical sales. This increase resulted from a general increase in textile manufacturing activity in the U.S. and continued share increases in both the dyehouse and finishing markets. These market share increases resulted from new products and continued success in marketing programs and strategies. Quantities sold increased 17.2% while selling prices declined a modest 0.5%. Sales of the organic chemicals product line, a relatively small portion of this segment, expanded substantially due to a significant increase in custom manufacturing.

Europe Division textile chemicals sales for the first quarter of 1992 in terms of U.S. dollars showed a modest increase despite a negative currency translation effect of 6.2%. Tonnage sold increased by 12.2% which primarily resulted from substantially increased sales to the former USSR. Selling prices in terms of local currencies were flat from period to period.

The overall gross margin for the first quarter of 1992 was 38.2% which increased from 1991's first quarter rate of 37.3%. The Environmental Products and Services segment gross margin improved to 28.5% in 1992 from 26.5% in 1991 primarily as a result of greater manufacturing productivity and a significant decrease in the cost of styrene. The gross margin of the Textile Chemical Specialties segment improved slightly to 43.5% in the first quarter of 1992 from 43.3% for the same period in 1991.

Operating expenses as a percent of sales remained flat at 25.1% during both periods.

Liquidity and Capital Resources

At March 31, 1992, the Company had the following credit facilities and outstanding balances open under these facilities: a $5.50 million reducing revolving credit facility expiring in 1995 with $2.70 million owing; a $6.59 million reducing revolving credit facility repayable in Dutch guilders expiring in 1995 with approximately $2.70 million owing; a $2.0 million working capital line with $.706 million owing which was utilized for the Company's Taiwanese subsidiary and a lira equivalent line of credit of $1 million for an Italian subsidiary with approximately $1 million owing.

In April 1992 the Company and Selling Shareholders completed an initial public offering (the "Offering") of 1,784,000 shares of its common stock at a price to the public of $20 per share. Of the shares offered, 1,040,000 were sold by the Company with net proceeds of approximately $19.3 million. In connection with the Offering, certain officers of the Company (the "Optionees") exercised options to purchase 700,000 shares of the Company's common stock. The Company utilized the proceeds from the Offering to repay long-term debt of approximately $14.3 million and to repurchase 254,440 shares of its common stock from the Optionees for approximately $5.0 million. The Optionees utilized proceeds from this sale to pay income taxes that were incurred in connection with the exercise of the options. Due to continued growth and the repurchase of the Optionees stock, the Company is currently negotiating with its Senior Lender for an increase in its credit facilities. In addition, as a result of the stronger financial condition resulting from the Offering, the Company is also negotiating for improved terms and conditions including a rate reduction and the change to an unsecured credit facility.

Foreign Exchange

The Company has subsidiaries throughout Europe, Asia and several other countries. Transactional as well as translation gains or losses are periodically generated due to the movement of exchange rates. It is the Company's policy to periodically hedge transactional business depending on the amount and the length of the exposure. A portion of the Company's translation risk is hedged with the Dutch Revolving Credit Facility which is repayable in Dutch guilders since a large portion of the Company's European earnings and assets are realized in this currency.

Impact of New Accounting Standards

In February 1992, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (FAS 109"). FAS 109 mandates the liability method for computing deferred income taxes. The effective date for adopting the new standard is fiscal years beginning after December 15, 1992. The Company has not determined the impact of the new standard on its financial statements, or whether it will reflect the initial application of the standard as a cumulative effect of a change in accounting principle in the year of adoption, or as a restatement of prior years' financial statements.

In December 1990, the FASB issued Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Post Retirement Benefits Other Than Pensions (OPEB)" ("FAS 106"). FAS 106 mandates the accrual basis of accounting for the expected costs of providing postretirement benefits other than pensions. The effective date for adoption of FAS 106 is fiscal years beginning after December 15, 1992, although earlier adoption is permitted. FAS 106 permits employers to immediately recognize their "transition obligation" (as defined in FAS 106) or to recognize such transition obligation on a delayed basis (not to exceed 20 years) as a component of net periodic OPEB costs. The Company has estimated that its unrecorded pre-tax transition obligation as of December 31, 1992 is between $3 million and $6.2 million. Upon adoption, assuming immediate recognition of the transition obligation, the Company has estimated that its annual pre-tax provision for OPEB benefits would increase by $250,000 to $650,000. The ranges could be effected by further actuarial reviews and also by possible modifications of current OPEB plan benefits.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

There have been no material developments in connection with any pending legal proceedings as reported in the Registrant's Form S-1 Registration Statement which became effective on March 31, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYBRON CHEMICAL INDUSTRIES INC.

Sidney H. Cohen
Vice President, Secretary,
Treasurer and Chief Financial
Officer (Principal Financial
and Accounting Officer)

Date: May 12, 1992